





## LOMBARD

## Dishonesty is the worst policy

BY ANTHONY HARRIS

AS EVERYONE KNOWS, a great part of our present problem arises from a very simple fact: investors, with excellent reasons, don't trust sterling any more. Foreign investors — notably the Opec countries — will sell out at almost any price to get into another currency, so sterling sinks. Investment institutions hope against hope that the authorities will finally be forced to offer a rate of interest which will offer a sporting chance of a real return on their investment. While they wait, the money supply gets out of control.

When the problem is stated in such simple terms, a general answer practically suggests itself: offer some sort of security which investors will trust. It is relatively unimportant what kind of securities these might be: indexed stocks of various kinds, stocks denominated in any one of a number of foreign currencies or even a whole basket of them, gold certificates (a sour joke at the moment, as the French buy them), what you will.

The great point is to offer some sort of honest value.

It is equally easy to think up detailed objections to any such proposal — though some of the objections I have actually heard from officials tend to cancel each other out. They will thus argue at one moment that the demand for indexed securities — as with the slow sales of the special certificates for retirement — is so small that such a step could make very little difference, and at the next that the demand for an indexed bond would be so great that the demand for industrial shares would collapse.

## They argue

They will argue at one moment that financial changes cannot solve our problems because they offer "only paper savings" and at the next that it is quite wrong to worry about the deficit because "debt interest is only a disguised form of capital repayment." But if we only have a paper deficit, paper savings would surely be a very good way to reduce it. Perhaps my favourite objection is that alternative forms of borrowing "would only postpone the problem" — as if borrowing ever had any other purpose than to postpone the problem.

But easily the most frequent objections, and one which I do not find funny in the least, is that honest borrowing would cost too much. The officials who make this point no doubt think that they are protecting the public purse. What they are in fact

proposing is that the Government should make a principle of defrauding its creditors.

Sometimes this comes right out into the open. I recently talked to one especially pleasant and open-minded official, who was simply trying to rub in the fact that indexed or currency denominated borrowing would indeed be expensive, even if the rates of interest involved were very low. You do realise, don't you, he said, "that what you are suggesting would involve paying some positive return to the investor?"

More often, though, the point is made by jolting backwards. If we had converted the sterling balances into dollars say a year ago, our debts would now be much bigger; if we had habitually issued capital-indexed securities, the national debt would now be twice its present size.

## Easy to run

If anybody seriously means this argument, it should surely be carried further. With suitable administrative and marketing arrangements, it should surely be possible to organise a hyper-inflation of a few thousand per cent, which would at a stroke wipe out both the sterling balances and the national debt. Subsequently, a reconstructed monetary system would be quite easy to run in a non-inflationary way, as the Germans found after 1923.

It is in fact hard to make any other sense of the cost argument. If you look forwards instead of backwards, it is easy to see that borrowing at 15 per cent or more could easily prove very expensive, in real as well as monetary terms, while the real cost of indexed borrowing is at least a known quantity. If you actually believe, as the authorities so often proclaim, that sterling is now drastically undervalued, then the chance to convert sterling into dollar liabilities at present exchange rates is surely a bargain.

Even if you only hope that sterling is undervalued, the fact that you can halve the cost of debt service in the course of the conversion is quite convincing.

But if the combined appeal of honesty and profit is not enough, I would propose that the officials who resist every suggestion for honest securities should parade in Whitehall to show their devotion to the public good. Their banners might read "We will index nothing but our pensions."

## RACING

## Primonato for Playboy

PRIMONATO, WHO returned to his smart, two-year-old form with a particularly impressive victory in Goodwood's Country Park Handicap on September 27, will take a good deal of beating in this afternoon's Playboy Bookmakers Handicap (3.5) at Sandown.

Reg Akhurst's Native Prince colt, who could hardly have been more impressive on the Sussex course where he forced clear of the runner-up, Fleur D'Amour, inside the final furlong to win going away by four lengths, is well treated with 8 at 3 lbs, and he should also be ideally suited by this stiff seven furlong.

I hope to see him following up with another clear cut success — possibly at the main expense of that tough, young colt, Swinging Tribe whose illustrious companion, Sport, took this event a year ago. Fleur D'Amour may all third place. Swinging Tribe's rider, Willie Carson, whose hold bid to regain the jockey's championship is now clearly doomed, has several other promising looking mounts including a 15 lb weight, the Pucier, which he partners for Noel Murless in the Oxbott Nursery (4.10).

## SALEROOM

## £16,000 for Meissen service

THERE was a good sale of Continental pottery and porcelain at Sotheby's yesterday, with the top lots heading their estimates. A Meissen purple ground tea and coffee service, consisting of 44 pieces, and made about 1735, sold for £16,000, plus the 10 per cent buyer's premium, at the top of its forecast, while an Urbino Istanto dish, with a floral design made by Aveli in 1832, beat its target at £10,500.

The same dish sold at Sotheby's in 1962 for £1,000. As another example of the rise in majolica prices, an Urbino Istanto plate, with the Pucier service made by Aveli in 1833, fetched £4,000. In 1962 it went for £620. A German dealer gave £3,100, well over the forecast, for a Fulda crucifix of around 1780, and a Du Paquier beaker, carrying the Russian Imperial Arms and probably a gift from the Austrian Court, sold for £2,500. The auction totalled £117,080.

A rare Prussian order, the Black Eagle, was sold at a Christie's coin and decorations auction for £8,800. The order was presented to Kuang Hsu, the

## BY DOMINIC WIGAN

Three weeks ago at Notting, ham, Abode gave Carson a comfortable winning ride when making all the running to defeat Sallow by three lengths in a division of the Staunton Stakes.

I anticipate him proving just too good for Jacado, who landed the other division of that event in a slightly slower time.

A second likely winner for Carson, the 1972 and 1973 champion, is Swinging Tribe's younger stable mate, Anselmo, who was runner-up for Division One of the Dorking Stakes (2.35).

A respectable 9th of 19 behind Mr. Music Man at Goodwood last month, following a three-month lay-off, Anselmo went on to finish third behind Mackley in the 1974 Dorking Stakes (2.35).

## BY ANTONY THORNCROFT



This Urbino Istanto dish of 1832 sold for £10,500 at Sotheby's yesterday.

Emperor of China, by Kaiser Wilhelm II in 1895. After the sacking of Peking in 1900 it fell into the hands of an American soldier who sold it for \$200.

The price was just above the top estimate, and the main item in a sale which totalled £20,045. The top price was the £500 for "Old Cottages at Elsted, Surrey," by James Orrock.

## GARDENS TO-DAY

## The delight of the Turkish tulip

BY ROBIN LANE FOX

WATCHING THE RAIN in Imperial Tulips. "Beside every Istanbul, I was brought back fourth flower," wrote a French ambassador, who witnessed it, and our miserable summer by a very sad sight. On the outer edges of the old Spice Market, Turkish gardens; elongated trees of standard hybrid roses, pots of Basil, Zinnias and seed of the placed in bottles. Trellises were filled with lumps, hung, too, on green shrubs which were lifted from the nearby woods. Mirrors reflected the lights; musicians bowed and blew their way through the Turkish tunes of the moment; Sultan, harem, eunuchs and courtiers were guests at the yellow Caliph of Baghdad was "especially suitable for forcing."

## 'Old-fashioned'

Before the days of Darwin and Mendel, when there were no Cottage favourites (mid-season and late) there were tulips among the Turks, which were worth ten times servants' salaries. The flowers no prize that their "onion roots" they then so high at his handkerchief, the Sultan would signify his choice for the evening. The others would be crushed and bred, the return, having failed to catch flowers most obedient to man's will. Perhaps their brightness and their obedience were causes of their favour at the Ottoman Sultan's Court, that extravagant fantasy of emblems and high colouring. For there were nearly half a million tulips in the gardens of the eighteenth century Sultan's Palace. Their patterns were worked into turbans and tiles, into the compliments paid to the prettiest girls and boys in the capital.

Paradise, Restorer of the Heart, Pearl of the Morning: it is possible to buy "old-fashioned" Tulips from catalogues which price them for collectors, but these are the old Dutch varieties, insofar as they are old at all, the sort of flowers which were new to people who can enjoy as well from the cheap and charming Rembrandt mixture. I know of no source for the Turkish varieties, which seem to have been brought and bred from Persia as well as from European stock.

One year, the Vizier would invite the Sultan to inspect the tulips.

listed, and few have brought into western gardens. As the Turks moved through Iran into their home, they were seldom sight of the Tulip; no tulip was grown already in western Asia do not fall the yellow, reds and varieties, needed in native Turkistan. The tulips among which the imported are probably a cultivation: maybe Clara more reliable, and we not regret the success Dutch. But it is still to grow a few of the varieties, and I have think them as fine as win hybrids. The com varieties may vary, as the tulip is indeed the red on Turkish tiling; jana, from Samarkand, biggest and brightest red Tulip, improved into a called Red Emperor or a Lebere which huge red sides, like being, red wind and rain. About a in its ordinary form, the tulip plant will not vividly the nature of a Central Asian landscape.

## Vibrant color

If the little Liliopsis, more readily, over the would be an even better, no less of a scarlet, but centred and only a few high. It is worth buying a year for a raised bed of alpine where it April until, over the, eventually gets the better of the cold, the parent of a new red rhythm. It is thought, hybrids, is equally more and more reliable, it is spicuous, too, for its leaves. I have lifted a bulbs in May over the past years and replanted it of Asia's tulips, and people who have lived in their landscape and I still prefer them. Peacock hybrids which have bred from them. Masses of a flower-bed, the secretaries to view the perhaps you, too, may end success of a sultan in its go wild, anyway, you a burst of vibrant colour.

## FT CONFERENCE ON WORLD CONSTRUCTION

## A crisis of confidence

BY DOINA THOMAS

BAHRAIN, Oct 1

A STRONG speech critical of Western contractors and consulting engineers given in Arabic by Mr. Majid Al Fijhi, Minister of Works, Power and Water in Bahrain, opened the two-day Financial Times conference on "World Construction — prospects in Arab countries" which began today. The Minister suggested that there was now a crisis of confidence between the client States and the consulting engineers and contractors. He added it was necessary for consultants to rise to the level of responsibility assigned to them.

Speaking from personal experience, Mr. Al Fijhi raised several points about the relationship between consultant engineers and contractors and their Arab clients. The Minister commented that the Arab Gulf States were attempting to catch up with progress and to raise the general standard of living of their people. The fact that this area possessed great wealth, he said, "does not necessarily mean that this wealth is to be squandered on trivial matters."

Consultant engineers and contractors should have a strong local presence in their client States, the Minister said, as this would help them in their knowledge of the area and their management of local projects. The fact that some contractors and consultants did not realise this was one reason for the crisis of confidence, the Minister stated. "Flying visits are no substitute for experience."

Mr. Al Fijhi went on to say that the client countries are now more sophisticated than ever, and aware of the limitations of their own knowledge. This, he observed, placed a certain moral obligation on both consulting engineers and contractors not to push unimportant or uneconomic projects merely for the sake of their own profits.

## Old fashioned approach

The Minister also criticised the old-fashioned approach of certain contractors and civil engineers to the sometimes complex problems of the Arab Gulf States. Western companies should keep up with the advances in their fields and apply this knowledge to the projects under their management. The Minister urged the contractors to be more sophisticated in their approach to the problems of the Arab Gulf States, the Minister urged.

The Minister continued by attacking the consultants and contractors on their costing and cost control techniques. He cited the example of a project that was initially cost BDM in June, rose to BDM in September, and then BDM in October, which had not got on the drawing board. The other area of criticism by the Minister was the matter of training. The Minister observed that the lack of skilled manpower was a well known fact about the Arab Gulf States but that the contractors

did not do sufficient training of local labour in the course of the projects undertaken by them. He suggested that the Minister have an obligation to see that sufficient skilled labour is left behind upon completion of a project for it to be maintained and managed successfully. The Minister's operation with local contractors to be responsible attitudes to training and realistic pricing of contracts "would in the long run be most beneficial to both parties," the Minister suggested.

An exposition of the current Kuwaiti five-year development plan given by Mr. Saad San Al Abdul Razzak, Under-Secretary at the Ministry of Public Works, followed Mr. Al Fijhi's dissertation. He too observed that a principal concern of the Kuwait Government was to raise the standard of living for all inhabitants of Kuwait, and added that the population was likely to double in the course of the plan.

## Kuwait housing needs

Total fixed investment by the Kuwait Government during this five-year plan would amount to Kuwaiti dinars 4,414m. Over half would be spent in the oil and gas sector, with another 2,300m. being spent on other Government projects. The private sector in Kuwait was expected to spend another KDI,900m., a considerable part of which was likely to be concentrated on the productive economic sectors of the Kuwaiti economy.

Mr. Al Abdul Razzak gave details of Kuwait's needs in the housing sector — in particular low-cost housing for the low-income group — and explained the Government's objectives in giving loans to individuals to build their own houses.

In conclusion, the Under-Secretary noted two important points for contractors and consultants considering business with Kuwait. The first was the Kuwait Government's desire for detailed projects feasibility studies which should take into account the local environment. The second reiterated a point made earlier by the Bahrain Minister of Works, Power and Water was the obligation upon foreign consultants and contractors to train local labour.

Mr. Hermann Becker, chief executive in charge of operations abroad of the German contracting company, Philipp Holzmann, followed the Kuwaiti Under-Secretary with a speech illustrating some of the difficulties of training local contractors. He added: "This training effort costs considerable sums of money." He suggested

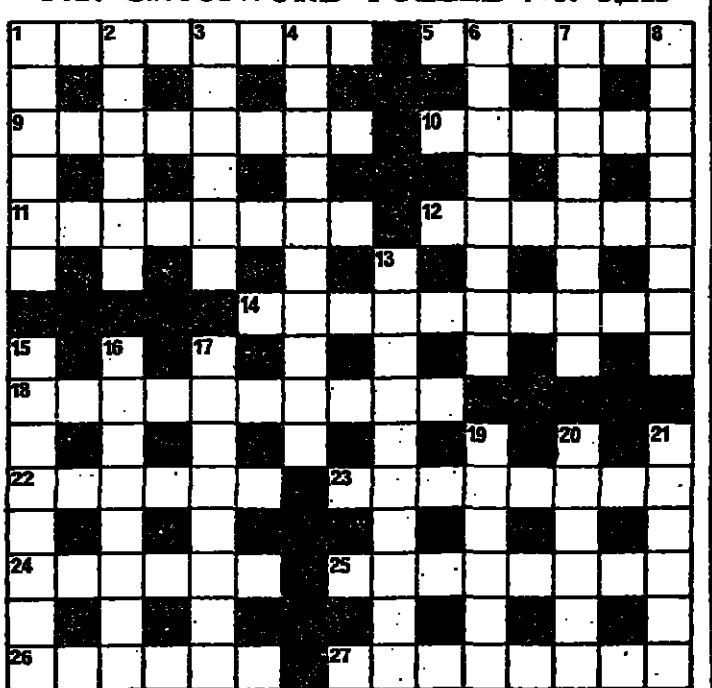
## TV Radio

† Indicates programme in black and white.

## BBC 1

9.15 a.m. For Schools, Colleges, 10.45 You and Me, 11.00 For Schools, Colleges, 12.45 p.m. News, 1.00 Pebble Mill, 1.45 Fingerposts, 2.01 For Schools, Colleges, 3.53 Regional News (except London), 3.55 Play School, 4.30 The Wombles, 4.35 Jackanory, 4.40 The Prince Philip Cup, 5.05 John Craven's Newsround, 5.10 Striker, 5.35 Noah and Nelly in Skylark, 5.40 News, 5.55 Nationwide, 6.48 "Carry On Cruising," starring

## F.T. CROSSWORD PUZZLE No. 3,213



ACROSS  
1 Chap in event of being long in the tooth wins various... (8)  
5 ... colours for cricket (8)  
9 Southern fruit valet gives to lancer (8)  
10 Make oneself precious object to give to listener (8)  
11 Glad to be taken over at the post (8)  
12 Form of competitor in pool (6)  
14 Ignorant one will repeat (10)  
18 For the match girl this is third on the left (4, 6)  
22 Refinement of language (6)  
23 Apex and a turmoil found in California (8)  
24 Elected party has no right to be under cover (6)  
25 Dotty kind of engraver (8)  
26 Agreement to buy youth leader a drink (6)  
27 Training manual with which to nail a dramatist (8)

## SOLUTION TO PUZZLE No. 3,212

DOWN  
1 Hoarding is a wretched business (8)  
2 Provoked irritation with jabber (6)  
3 Smith making money illegally (6)  
4 Don't have anything to do with unaccompanied holiday (5, 5)  
6 Threaten with that morning after feeling (8)

ring Sidney James, Kenneth Williams and Liz Fraser, 1.10 Slightly, Softly: Task Force, 9.00 News, 9.25 The Fall and Rise of Reginald Perrin, 9.55 To-night Special: The Rt. Hon. Harold Macmillan talks about "Britain in Crisis", 10.30 Sportsnight, 11.15 Harry O, 12.05 a.m. Weather/Regional News, All Regions as BBC 1 except at the following times:— Wales—2.18-2.38 p.m. I Ysgolion Cymru, Ffennestri, 5.10-5.35 Tybed?

5.55 Wales To-day, 6.45 Heddiw, 7.00 Pops, 7.15 Denny, 7.40-8.10 With a Little Help, 12.05 a.m. News and Weather for Wales, Scotland 10.23-10.43 a.m., 2.18-2.38 and 2.40-3.00 For Schools, 3.53-4.45 Reporting Scotland, 10.30-11.15 Sportsnight, 12.05 a.m. News and Weather for Scotland, Northern Ireland—10.23-10.43 a.m. For Schools, Ulster 10.43-10.53 a.m., 2.18-2.38 p.m. Northern Ireland News, 5.55-6.45 Scene Around St. 12.05 a.m. News and Weather for Northern Ireland, England—5.55-6.45 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Southampton); Spotlight South-West (from Plymouth), 10.35 a.m. Nai Zindagi Naya Jeevan, 11.00 Play School, 5.00p.m. Open University, 7.05 Simple Science, 7.25 Wednesday, 7.30 Motor Show 76, 8.50 He's My Rock, 9.00 Playhouse: The Mind Beyond, 9.55 Arena: Cinema (Eric Rohmer), 10.25 1. Claudius, 10.35 News on 2, 11.25 Music at the Clavichord music by C. P. E. Bach.

LONDON  
9.30 a.m. Schools Programmes, 12.00 Here Comes Music, 1.00 p.m. Mister Trimbles, 12.30 Mr. and Mrs. 1.00 News, 1.30 Lunchtime To-day, 1.30 Crown Court, 2.00 Good Afternoon, 2.30 News, 2.40 The Sunday Show, 4.45 Rogue's Rock, 5.15 London Scene, 5.30 Sportsnight.

RADIO 1  
6.00-6.30 Stereo Music, 6.30-7.00 News, 7.00-7.30 Stereo Music, 7.30-8.00 News, 8.00-8.30 Stereo Music, 8.30-9.00 News, 9.00-9.30 Stereo Music, 9.30-10.00 News, 10.00-10.30 Stereo Music, 10.30-11.00 News, 11.00-11.30 Stereo Music, 11.30-12.00 News, 12.00-12.30 Stereo Music, 12.30-1.00 News, 1.00-1.30 Stereo Music, 1.30-2.00 News, 2.00-2.30 Stereo Music, 2.30-3.00 News, 3.00-3.30 Stereo Music, 3.30-4.00 News, 4.00-4.30 Stereo Music, 4.30-5.00 News, 5.00-5.30 Stereo Music, 5.30-6.00 News, 6.00-6.30 Stereo Music, 6.30-7.00 News, 7.00-7.30 Stereo Music, 7.30-8.00 News, 8.00-8.30 Stereo Music, 8.30-9.00 News, 9.00-9.30 Stereo Music, 9.30-10.00 News, 10.00-10.30 Stereo Music, 10.30-11.00 News, 11.00-11.30 Stereo Music, 11.30-12.00 News, 12.00-12.30 Stereo Music, 12.30-1.00 News, 1.00-1.30 Stereo Music, 1.30-2.00 News, 2.00-2.30 Stereo Music, 2.30-3.00 News, 3.00-3.30 Stereo Music, 3.30-4.00 News, 4.00-4.30 Stereo Music, 4.30-5.00 News, 5.00-5.30 Stereo Music, 5.30-6.00 News, 6.00-6.30 Stereo 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## Durkó &amp; Sackman

by DAVID MURRAY

The Leeds Musical Festival, shape of his Ellipsis rang true which the composers Alan... Goss... and modestly adventurous... name this year, Monday is asking too much of a first... concert brought two hearing; but this bubbling score... ires. Unlike Edinburgh or really is peculiarly and charm... tenham, Leeds rations itself... single nightly concert, which... doubt ensures that a keen... ent may hear everything he... but is likely to leave... as feeling under-indulged;... are in a daytime fringe it... understanding indeed, and late... goings-on in Leeds are... ly incoercible. This con... felt like a one-off event, a... part of the audience con... of the London contem... music establishment, up... the means and again as... as a fair-city would permit... as the new works were com... Zolt Durkó's Turner... for the BBC; and... as by Nicholas Sackman... rger Goehr pupil—for the... Festival. Each is a one... ment chamber concerto,... ively for violin and fo... and each boasts several... nchrised passages in... the players exercise a... ed freedom in dealing with... notes allotted to them, to... us ends. Both display more... than is strictly justified... the power of current... cal modes to sustain long... nuous spans. In the case of... huko piece, which is charac... ically tidy and candid (but... er? which? a series of... cellular episodes—music... related, but hardly cumula... hangs on the thread of the... part: Erich Gruenberg's... nly committed playing kept... central focus, and durkó... its debts to the durkó... erin, from which it borrows... full-blooded expressive... than reside in Durkó's... manner. The episodes are... ally effective: good, strange... for a trombone trio and... three strings in clear order... (including the last) which... st of sub-fuse plinking... el Friend conducted the... Festival Orchestra with... nt understanding.

Nicholas Sackman's style does... quite stand on its own feet... here the debt to Berio's two... Concerto was paramount... to the extent of backing... solo piano with a further... stral piano ("prepared" in... sense)—but the dramatic

onne Arnaud, Guildford

## Macbeth

by B. A. YOUNG

us is Shakespeare the way I... -Macbeth not played... Court of King James II, or... Roman Catholic cathedral, and a positively Stanislasian... by Nazis in pre-war Europe... Macbeth as anyone coming... to the play in a textbook... it see it.

be stalls are blanketed in... and filthy air as the Three... ers open the scene. The... ned sergeant crawls on... ously wounded, barely able... uth when the time comes to... Duncan and his party the... of the battle. It is all real... it might conceivably have... ened had Shakespeare's tale... a true one.

uncan, resonantly spoken by... Curran, is no courtly king... a powerful warlord, a leader... men in battle, indeed, he... a fresh wound on his face.

Daneman's Macbeth is a... confident captain then, able... imulate indifference to the... nes' prophecies; and Lady... beth, when we see her, wears... sin green dress, and she... ed on the skirts. Kings and... as they may be ruled but... (they are) tough leaders... essant armies bent on per... conquest.

ector Peter Coe's simple... ight presentation of the... y does not rule out exciting... craft. The permanent set... ed by Michael Knight con... s only three gibbets behind... ough raked stage brought... almost to the front of the... in the middle is a flat is... that may be a pool of... a dining table or simply... ing indeed.

collaborators have elevated from... a small though crucial role in... trial scene of *The Bells* to a... manipulator of the melodrama's... chronicle of Macbeth's ghastly... The Bells. The book and... are credited to Herbert... id and Roland Hase, a duo... those work I am to date un... turned and to-day less than... ured.

he Showman is a travelling... merian whom Mr. Moody and

eatre Royal, Stratford E.

## The Showman

le title part, played by ashen... Ron Moody, is really a... pheral amusee to a condensed... telling and vaguely musical... ion of that hoary old melo... na, *The Bells*. The book and... are credited to Herbert... id and Roland Hase, a duo... those work I am to date un... turned and to-day less than... ured.

he Showman is a travelling... merian whom Mr. Moody and

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Michael B. Cogan, Proprietor

Television

## Avenging again

by CHRIS DUNKLEY

One of the most effective ways... of making... an audience's flesh... creep is to persuade them that... they are watching the banal, the... mundane, the commonplace and... then to cut the hammock of... familiarity from underneath... them by revealing a startling... deviation from the norm: the old... family portrait with moving eye... balls, or the charming count... whose smile reveals an over... grown canine.

The animation of normally in... animate objects can become... particularly terrifying, as the... first of ATV's "Beasts" series... Special Offer, proved again on... Saturday in London, anyway:... this is one of several series... which ITV are ensuring chaotic... ratings by transmitting on... different nights in different... areas.

Special Offer by Nigel Kneale... started with the promise of a... fine sort of menace when a com... mon or garden tin of beans in a... supermarket appeared to move... of its own volition. Unfor... tunately the climax, with the... fearful effects boys lying on a... chorus of fountaining liquid... detergent bottles and exploding... cornflake packets, went right... over the top and induced help... less laughter instead of fright. It... was altogether too much and far... too explicit.

Hitchcock proved countless... times the great benefits of being... inexplicit, of hinting instead of... explaining: there is a dramatic... ally astonishing moment in *The... Lady Vanishes* when he gives... you a sudden glimpse of a nun's... foot below the hem of her... habit... and she is wearing high... heeled shoes.

Last night tribute, conscious... of subconscious, was paid to that... little play in *The New Avengers*... (in London, anyway, etc.) when John Steed... heard marching men on the... remote Scottish island, looked... out of the window and saw, pro... ceeding up the road in the moon... light, a platoon of heavily... cowed monks, with the crash of... military boots coming from... beneath their habits.

It was at that point that I... threw off the last of my fears... and reservations about the... return of the series and allowed... myself to laugh out loud: this... was *The Avengers* as we knew... and loved them, suggesting great... terror but invariably relieving... the tension of fear with a deli... berate giggle.

Last week in this column it... was suggested that, if television... had one role that it was uniquely... equipped to fulfil, it was to... supply programmes that ex... plained one part of society to... another. At the same time it... was acknowledged that most... viewers see the many funny... of television as entertainment... and relaxation. *The Avengers*... was always a leading example... perhaps the best example — of... the television programmes in... this category.

That is why I have called... several times in the last few... years, for a revival of the series... and it was the memory of those... public demands which caused... the uneasiness upon seeing the... first of the new batch: would... it all be changed beyond recog... nition, or alternatively look pain... fully old fashioned?



Joanna Lumley, Patrick Macnee and Gareth Hunt in 'The New Avengers' (Thames)

It has changed, but producer... Albert Fennell, writer, Brian... Clemens, and composer Laurie... Johnson, who are partners in... the independent company which... has returned *The Avengers* to... us, are all old hands and their... changes are mostly cosmetic. If... anything the series is even... slicker than before.

There is only one change that... is fundamental, but even that is... (surprisingly) not intrusive, and... although it disappoints me, may... very well please others: the plots... instead of being completely ludic... rous, are now merely absurd, in... much the same way that... James Bond, say, is absurd. The... soaring flights of fantasy of the... old series have gone, and... Nevertheless *The New Avengers*... does have that constituent which

sets apart the really good mad... daymen series from the run of... the mill policies, or the indistin... guishable American Western... series. *The New Avengers*, like... *The Six Million Dollar Man*,... whose slot it inherits in some... regions, and — like BBC2's... almond-eyed Robin Hood series... *The Water Margin* (you've heard... of *The Seven Samurai*? Now see... *The Magnificent 108*...) has... plots of epic proportions.

No constables dealing with... menapausal shoplifters here. We... are, instead, back with the batty... criminal genius out to dominate... the world or, at the very least... threaten a whole nation. In this... category originality is not of the... essence, which is a good job... because the first of *The New... Avengers* episodes was on a very... well worn theme, and the second... owes quite a debt to *The Man... charmed Candidate*.

Style, tone, and feel count for... more: the appeal is in seeing... Steed chatting into his bowler... hat/transmitter; in watching... Joanna Lumley as Purdy, the... latest and easily the most attrac... tive of the *Avenger* girls, wade... nation, or alternatively look pain... fully old fashioned?

Musically the performance is... of a high standard. Closer... acquaintance with the score un... doubtedly makes it easier to... distinguish the individual... strands in the double and triple... scenes, but Christopher Keene... the conductor, obtains playing... of exceptional clarity from his... three orchestral ensembles. The... same degree of verbal clarity... is not possible; the General dic... tates his despatches into a micro... phone and the (studio) stands... address system for her song... "Hail Liberator," but inevitably... much of the text is lost.

William Murray, looking... astonishingly like a younger... Douglas MacArthur, plays the... General, providing a strong... central character on which the... structure of the entire work can... depend. His change of heart is... carefully timed so that inner... certainty and vision grow as... outer power and sight disinte... grate. George Fennell makes a... smoothly diplomatic Governor... no melodramatic villain be... while Donald Grobe is convinc... ingly sympathetic as the Second... Soldier, the nearest approach to... a conventional hero that the... series offers. Barry McDaniell... high baritone instead of a tenor... as at Covent Garden, movingly... embodies the Deserter; Catherine... Gayer makes a rapidly hysterical... Rachel; Lucy Peacock sings im... pressively as the Young Woman... and Vera Little-Angus rises to... tragic heights in the Old... Woman's death scene.

Barbara Scherier looks hand... some as the Emperor young in... years but old in the experience... of solving problems; she does... not make as much effect with... her story of the Buddha as... Josephine Veasey did in London... Others in the huge and generally... competent cast who deserve... mention include William Dooley... as the NCO, Wolf Appel as a... Warrant Officer and first Mad... for most of the first act, collap... sing as the curtain falls. The... Madhouse, with which the second... act opens, is constructed of shiny... neon-tile, white tiles, like some... ultra-hygienic municipal public... convenience. The Mad People, Gar... den as the Drummer; his... not noticeably dishevelled and... appear to be keen on basketball... The Emperor's picnic is a less... formal affair than at Covent... Garden; attended by his personal... gargo, the Emperor practices yoga... and ignores the champagne.

moments later from behind a... of strong teeth which occasion... ally snapped (like the family... outfit including a skirt, it is... dog). It was good to see Blessed... on television in a part which... demanded neither a policeman's... uniform nor a strong northern... accent.

The second set of programmes... is the new series of *The Two... Romies* who have, for the... moment anyway, taken over the... crowns of Morecambe and Wise... as kings of television comedy... sensibly they have altered the... format of their show only very... slowly, spending a long time... consolidating each addition: all... their changes have been evolu... tionary rather than revolu... tionary. Since their musical... parodies are the best parts of... their programmes it would be... pleasant one day to see them... employ the form at greater... length.

There are three other sets of... programmes which are currently... giving me great enjoyment. The... first is Jack Pulman's BBC2... version of Graves's *Claudius*,... of which the fifth episode (there... are 12) is repeated to-night. Nothing particularly new or un... usual is being attempted here in... production terms, and Martin... Lisemore seems to have pro... duced the entire series on a... budget which would hardly keep... *The New Avengers* in motor cars... for a fortnight.

When it was necessary to in... clude a visit to the Roman games... we only ever saw the principal... characters in the (studio) stands... reacting to the spectacle in front... of them which viewers and ac... tors alike were obliged to... imagine. Yet it is a series which... is quite impossible to put down... once you have picked it up.

Initially it seemed that Brian... Potter's *Nigel Barton* plays on... Friday, Leslie Blair's superb and... ragsously miscast as Augustus, funny... first television play, *Blooming... Youth*, on Saturday... and, as a challenging, daunting... potentially exhausting but... (especially for those of us who... have never seen it) un-missable... has made the emperor the ideal... comest to Livie, amiable of John... Hopkin's 1966 quartet, trusting even though possessed *Talking To A Stranger*.

moments later from behind a... of strong teeth which occasion... ally snapped (like the family... outfit including a skirt, it is... dog). It was good to see Blessed... on television in a part which... demanded neither a policeman's... uniform nor a strong northern... accent.

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Festival Hall

## Rococo Variations

by MAX LOPPERT

From his "pastiche" works—... notably the long pastoral diver... sissement within *The Queen of... Spades*; the *Mozartiana* Suite;... the Variations on a Rococo... Theme—we derive a special... understanding of Chaikovsky: not... only of his unique gifts of... orchestration but, more impor... tantly, of the particular manner... in which we heard and loved... music of the Classical period.

He cherished, not the passion... mocking humour and darkly... impetuous energy that our... own age digs out of, say, Don... Giovanni (sometimes to the cost... of other qualities in the music);... but, rather, a vision of perfect... unruffled musical grace and... purity; and his attempts at their... re-creation betokened at the... same time a melancholy admis... sion that for him such an ideal... must be irretrievably lost.

The Rococo Variations imme... diately instruct the listener in... the kind of cellist who must... undertake them. To calm and... unblemished "Golden Age"... technical proficiency in turning... whether in the bold Russian... scales, graces, and florid... divisions that adorn the develop... ments of the Theme, he must... fuse an always pure, unsmudged... sweetness of tone, with timbres... and colours suggesting all the... melancholy behind Chaikovsky's... loving fantasy. David Geringas... the young Russian cellist, former... Rostropovich pupil, and 1970... Chaikovsky Competition winner... who played the work under his... teacher's baton at Monday's... London Philharmonic Orchestra... Chaikovsky concert, showed him... self an only half-finished per... former of the work. The tone... in slow, lyrical utterances, was... unbearable—was this really... Hailink's orchestra, whose *fortes*... huge, but delicately projected, we have learnt to consider in... and with exactly the right aching... note kept in check. But in amplitude?

We must obviously hear him... the line repeatedly, with a pre... cipitate anxiousness that sug... gested the player was not doing... himself justice.

bravura passages he smudged... the line repeatedly, with a pre... cipitate anxiousness that sug... gested the player was not doing... himself justice.

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King's Head

## Albert's Bridge

by MICHAEL COVENEY

Tom Stoppard's 1967 radio to crumble; so does the bridge, play is not so much adapted as but not before a wan suicide... staged for this luncheon time force up by his misery only to... presentation by Chichester New Ventures, a group of artists... from this year's Chichester season, a couple of whom are... still gainfully employed in *The... Circle*. Imported last week to... the Haymarket, by "staged" i... ce has discovered that Albert's... really mean put on the stage effort, though sterling, is un... economic (cue for Stoppardian... vigour but not enough to con... vince you that the piece is better... served than by the medium for... which it was intended.

Albert is a philosophy suicide. But how to reproduce... graduate of whimsical bent who a climactic sound effect on... has discovered his true vocation stage? Christopher Seibie's pro... in the painting of "the fourth duction has no answer, and the... biggest single-span double-track... shore-to-shore railway bridge in... the world bar none." The words neat and disciplined, but nothing... are those of a town official and, special, despite good perform... as a result of some hilarious ances by Martin Chamberlain as... techno-bureaucratic deductions, Albert, Adam Kurakin as the... the entire job is entrusted to beburied victim of perspec... Albert. Slapping and sizzling the... the real incisively circumlocutory coun... world, Albert's marriage begins... cillor.

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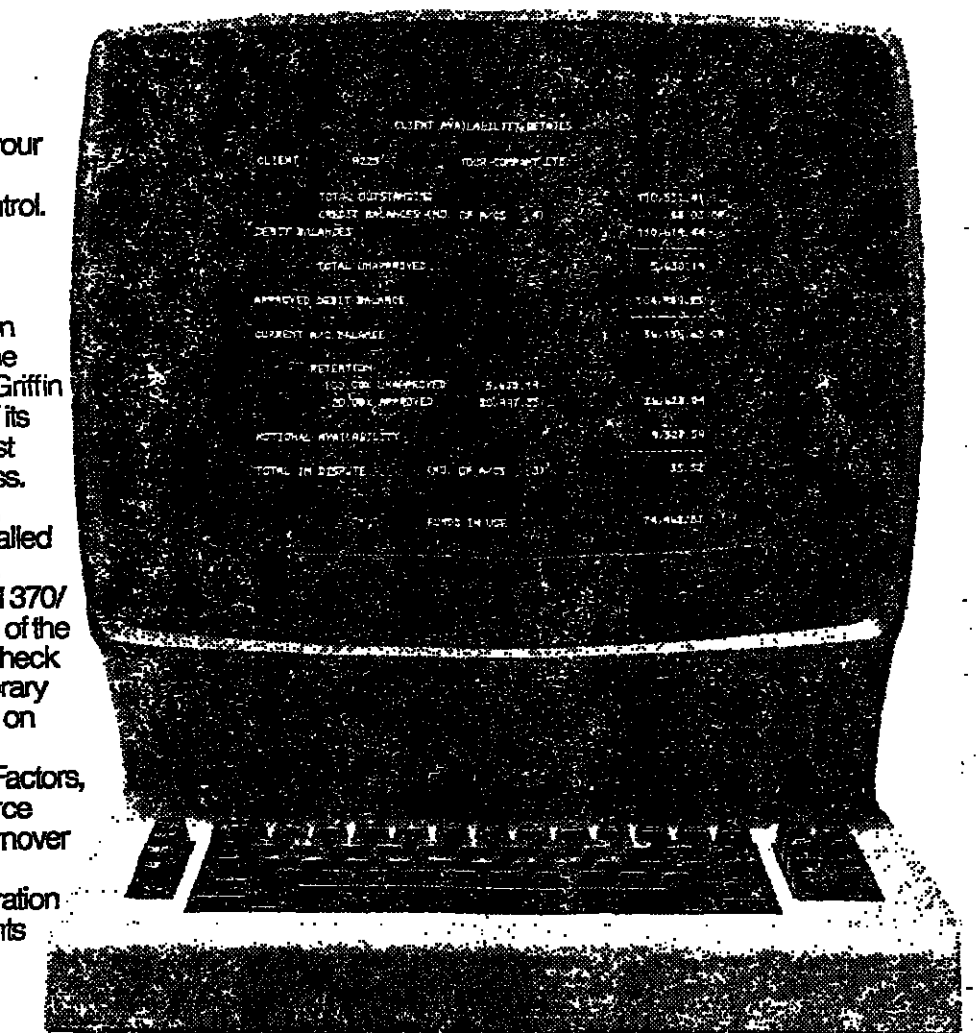
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EUROPEAN NEWS

Raids after N. Korean expulsions

Swedish police have raided ten firms and homes in Stockholm and an unidentified city in their search for contraband as a result of the expulsion of all North Korean diplomats from Denmark and Norway. Chief Public Prosecutor Mr. K. G. Svensson said yesterday, UPI reports. He said the Monday night raids led to the arrest of four Swedish businessmen and the seizure of 500 bottles of liquor and 10,000 cigarettes illegally brought into the country.

Denmark last Friday ordered the North Korean diplomatic staff of four out of the country within six days for dealing in narcotics, liquor and cigarettes. On Monday, Norway ordered the five-man North Korean diplomatic staff— including Ambassador Kil Jae Gyoung who is based in Stockholm— off its soil within six days for illegal trading in alcohol and cigarettes.

Barre: Limit EEC assembly

The French Government has made it clear that while it is committed to the principle of direct elections for the European Parliament, there is a question as to Parliament being given greater powers. David Curry writes from Paris. This is the main burden of remarks made by the French Prime Minister, M. Raymond Barre, at a week-end seminar.

He said that there was no reason to fear the creation of a directly elected Parliament, a clear reference to M. Michel Dore, the Gaullist former Minister who is vehemently opposed to direct elections because he thinks they will compromise national sovereignty. According to M. Barre, the existence of the European Council (the summit meetings of EEC heads of Government) was the guarantee that the Parliament would pose no threat to traditional decision-making.

Concorde landmark

To-day's Paris to Washington Concorde flight will carry the 20,000th passenger to travel supersonic since Air France put the aircraft into scheduled service. Since January 21, the airline has carried about 9,700 passengers on the service to Rio, with the twice-weekly services on average at 64.5 per cent. of capacity. The weekly service to Caracas, which has been available since April 9, has carried some 1,900 people, representing 35.2 per cent. of capacity. The Washington-Paris service, opened on May 24, has managed 84 per cent. seat capacity on its three-weekly flights.

The West German carrier Lufthansa has commented that while the loss of passengers to supersonic on the run to the U.S. works out at around 100 a year. "If we had bought Concorde, we would have lost around Frs.30-40m. per aircraft."

Cyprus expulsions

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Spanish reform deadline set

THE MOST critical stage of the struggle within the Spanish régime over the direction and pace of constitutional reform should be largely resolved during the next four weeks. This was the time limit set by the Government to-day for the Cortes (Parliament) to approve or reject its draft law which provides for general elections leading to a new two-tier Parliamentary system.

It is considered unlikely that the Cortes, a heavily Conservative body, will give the necessary two-thirds majority to the draft law as it now stands, and will instead propose several amendments.

Prime Minister Adolfo Suárez and his Cabinet will then have to decide if the amendments significantly alter the spirit or content of the law, in which case they can either ask Juan Carlos to dissolve the Cortes and go straight to a referendum, or accept the changes and risk an even more open confrontation with opposition parties.

Either way, the King and his Government now have a well-defined timetable in which to declare positively their intentions.

The Government is particularly anxious that the debates in the Cortes should proceed without emotive external influences which could harden opinions among deputies. It was therefore particularly concerned to-day at the announcement by the three main illegal trade union organisations to call for a National Day of industrial action on November 12.

Further evidence of a hardening attitude by employers to strikes came to-day with the decision in the Basque province of Vizcaya to lock out 30,000 construction workers for 15 days in answer to their industrial action in support of wage demands. Port workers in Bilbao have returned to work after a four-day stoppage but have given employers two weeks to meet their demands.

Political police meanwhile, made a number of swoops last night and arrested a senior member of the Communist party, Lucio Lobato, who only came out of jail this summer after serving 35 years, and a number of Left-wing lawyers. They had been present yesterday at a mass meeting in Madrid to discuss a series of political issues including repression during the Franco era.

Irish call for import controls

THE IRISH Government has been called on by one of the republic's leading trade unionists to introduce selective import controls. Claiming that Ireland has become a "dumping ground" for goods and produce, and that this has aggravated the unemployment, Mr. John Carroll, vice-president of the Irish Transport and General Workers' Union, said that the republic's home market had been "economically raped."

In a direct attack on the Cosgrave Government's recent Green Paper on the economy, Mr. Carroll stated that at present there was not "a hope in hell" of any 1977 improvement in unemployment. The latest official figures now put the unemployment rate at 12.1 per cent, but an EEC labour survey to be released soon is understood to indicate a total of 18 per cent.

Mr. Carroll demanded "major gambles" by the Government in the next few months, and particularly in the January budget, to stimulate economic activity— notably a reduction in personal income tax and imposition of selective import controls. The Irish Government is expected strongly to resist demands for import restrictions, but income concessions are believed to form part of the package currently being discussed with unions and employers as the basis for a 12-month pay pause next year.

Ireland's unemployment crisis has also been blamed on the violence in Ulster. Mr. Brendan O'Regan, Free Airport Company, has claimed that the continuing Northern Ireland crisis has been more responsible than any other single factor for "reducing and even eliminating employment opportunities."

W. German investment abroad rises

THE TENDENCY of West German industry to invest overseas since 1962 to DM2.75bn. was published by the Bonn Economics Ministry in the first six months of 1976. It was invested in DM2.44bn. compared with DM2.44bn. in the first half of last year.

This outflow of funds by the total of German investment overseas since 1962 to DM2.75bn. For the first time this figure exceeded the DM4.35bn. by foreign countries in Federal Republic since 1962. These figures are, however, merely the money transferred across national frontiers. They do not reflect the much greater amounts of investment locally by companies investing overseas.

West Germany has now invested about DM2.5bn. in the first six months of successive years. In the first half of 1976, exactly 40 per cent of this was invested in the U.S. and 44.7 per cent in Africa and 4.6 per cent in Japan. There was actually a decline in investment in Australia of DM1.5bn. in the first half of 1976.

The individual countries favoured by German industry in 1976 were Holland (DM450m.), the U.S. with DM450m., Switzerland with DM170m., Japan with DM170m., Italy with DM170m., and France with DM170m. each.

The Ministry notes DM1.03bn. or 57.5 per cent of German foreign investment in the first half of 1976, was in developing countries. It said that it would like to see the proportion increased by companies that one drawback is the security for foreign investment offered by many developed countries.

Among the industry sectors since again chemicals accounts for the largest share in the first six months of 1976, the chemical industry (DM430m.), the steel industry (DM350m.), the electrical industry (DM250m.), came next with DM225m. Meanwhile, although shadowed by the outward foreign investment in Germany picked up in the first half of this year. The figure for the first six months was DM1.03bn. up from DM950m. in the half of 1975.

1. BANK OF AMERICA, NT & SA
2. CITIBANK, NA
3. CHASE MANHATTAN BANK, NA
4. MANUFACTURERS HANOVER TRUST CO.
5. CHEMICAL BANK
6. MORGAN GUARANTY TRUST CO.
7. CONTINENTAL ILLINOIS NB&T CO.
8. BANKERS TRUST CO.
9. FIRST NATIONAL BANK, CHICAGO
10. SECURITY PACIFIC NATIONAL BANK
11. WELLS FARGO BANK, NA
- 12.
13. CROCKER NATIONAL BANK
14. UNITED CALIFORNIA BANK
15. IRVING TRUST COMPANY
16. MELLON BANK, NA
17. FIRST NATIONAL BANK, BOSTON
18. NATIONAL BANK OF DETROIT
19. FIRST PENNSYLVANIA BANK, NA
20. BANK OF NEW YORK

# Can you name the 12<sup>th</sup> largest bank in the U.S.?

We're a worldwide banking system with \$9.2 billion in deposits, which includes \$2 billion in personal savings. We have \$541 million in capital, \$80 million in reserves, and \$10.5 billion in assets. We have 316 branches throughout New York State and 29 offices throughout the world. Have you guessed our name yet? We have our international operations based in New York City's financial district, with key people in the world's major money centers. We have extensive experience in foreign exchange and in foreign currency management. Do you need another clue? We do business with half of the leading U.S. national and multinational companies on the "Fortune 500" list. And over 750 banks in more than 130 countries. Now do you know who we are? We're the Marine Midland Bank.

Ranking based on deposits as of June 30, 1976

## 50 Avenue Foch

Habiter Avenue Foch, à Paris? Autant habiter le bon côté. Côté droit, quand on descend. Côté soleil. Côté cinquante. Toutes les grandes avenues du monde ont un bon côté. Avenue Foch, depuis un siècle, les plus recherchés sont les numéros pairs.

Le cinquante. Au numéro cinquante, s'édifie un ensemble nouveau et très fidèle à l'Avenue Foch. Avec des appartements de 3, 4, 5 pièces dans les superstructures. Et avec des hôtels particuliers de 4, 6, 8 pièces dans la partie basse où se mêlent patios, verdure, jardins suspendus : au total, 4000 m<sup>2</sup> de verdure sur les 5800.

Appartements et hôtels particuliers. L'architecte et le décorateur ont voulu un style "pierre et ton bronze" qui respecte la tradition de l'Avenue du Bois, mais qui n'a rien de rigide, grâce à une conception très libre des espaces. Les pièces sont conçues pour recevoir, mais dans un esprit d'intimité et de chaleur tout à fait dans le goût actuel.

Le calendrier des travaux. Il est conçu pour que, dès maintenant, vous puissiez vous décider sur les aménagements intérieurs que vous souhaitez - dans le cas où vous en souhaiteriez d'autres que ceux prévus par l'architecte et le décorateur.

Société de commercialisation : SPG (snc. Benjamin F et F), 23, rue de l'Arcade 75008 Paris. Tél. 263.41.21. For the United Kingdom: Henry Daw, 26/28 Saville Street - London W1X 2 CL. Tel. 01-734.5155. 63, rue Pierre-Charron - 75008 Paris. Tél. 266.07.61.

50, Avenue Foch 75116 Paris. Tél. Actuellement, tous les jours, de 11 h à 18 h, sauf dimanche et jours fériés. Samedi de 10 h à 17 h. Dans le hall d'entrée et de vente : magazines, plans et "livret de bord" dédié à votre intention personnelle.

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# Now Barclays Bank is in Istanbul.

Barclays Bank International has become the first British bank to establish its own representative in Turkey, thus adding to its unique network of more than 1,700 offices in over 70 countries around the world.

Our new office in Istanbul will provide up-to-date economic and market intelligence for companies trading with Turkey as well as advice and guidance on the formulation and financing of commercial contracts.

Get in touch with our representative, Monty West, at the address below or in the United Kingdom contact our International Division at 168 Fenchurch Street, London EC3 3HP (01-283 8989).

**BARCLAYS International**

Barclays Bank Representative in Turkey, Cumhuriyet Caddesi 179/5, Harbiye, Istanbul, Turkey. Telephone: 40.32.52.

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## AMERICAN NEWS

## Quebec election next month

Premier Robert Bourassa has announced that the long-expected provincial election in Quebec will be held on November 15 giving the minimum of about 28 days for official campaigning, writes Robert Gibbons in Montreal. However, electioneering by all parties has been in progress for about three weeks. Mr. Bourassa's Liberal Party has been running full-page advertisements in daily papers recounting its record since it was elected in 1970. The Liberals hold about 90 per cent of the seats in the 110-seat National Assembly and are campaigning on the issue of Quebec's place in a new Canadian constitution, the right to strike in public-service areas such as hospitals, strengthening the position of the French language and culture, and a myriad of local bread-and-butter issues which may carry more weight.

The Parti Quebecois, led again by former Liberal Minister René Lévesque (not a member of the Assembly) will campaign on the issue of Liberal mismanagement of the economy, the Olympics cost scandal, a referendum on the separatist issue if elected and local issues.

## Fiat for Brazil

The Brazilian Fiat 147, an adaptation of the Fiat 127, popular in Italy and Europe, was introduced in Brazil yesterday in anticipation of an estimated 1977 production run of 120,000 cars, AP-DJ reports. The car, 75 per cent Brazilian manufactured, is reported to get 44 miles per gallon, an important selling point in Brazil. It will be built at Fiat plants in Betim in Minas Gerais State.

## Gas price move

The Bay State Gas Company has said that it and 38 other members of the New England Gas Association have appealed to the Federal Power Commission (FPC) to delay price increases the FPC granted gas producers on July 27 for further review. AP-DJ reports from Boston. Bay State Gas said that the price increase from its gas producers will be far greater than the FPC originally estimated. Thus the increase in its costs to consumers will be about 10 per cent, it said.

## Electricity workers end strike in Buenos Aires

BY HUGH O'SHAUGHNESSY

AFTER STAGING a major challenge to the Argentine Government's economic policy, workers of the two principal power companies have returned to work.

A 12-day strike, which seriously affected power supplies in the Argentine capital and which was called in protest against sackings decreed by the Government of General Jorge Rafael Videla, ended on Monday through troops are still reported to be stationed at the Puerto Nuevo power station in the centre of the city.

The effects of acts of sabotage to the city's generators are still being felt. SEGBA and the Compania Italo-Argentina de Electricidad were the two companies

affected. Union leaders among the strikers have been dismissed from their posts. Meanwhile, violence continues in many parts of the country. Following the explosion at the Military Club in central Buenos Aires and in the ammunition store at Zárate at the week-end, an executive of Borgward Argentina, Sr. Enrique Luis Arrosagary, was killed at the door of his Buenos Aires home by assassins, who shot him from a car and escaped.

In the capital, a number of buses were attacked with Molotov cocktails though no injuries were reported. In the northern provinces of Tucumán and Salta, eight guerrillas were killed in two incidents.

General Domingo Antonio Bussi, commander of the Fifth Infantry Brigade and Governor of Tucumán province, a sugar growing area, claimed in a speech in Tucumán that the army had "won the war against the guerrillas".

Gen. Bussi added, however, that the guerrillas had only been able to get a grip of the area by reason of the bad economic and social conditions of the province. "As the result of many years of government negligence," he commented, "I am the owner of nothing, he has had no chance to educate himself and is totally without health and social facilities. And before him he sees the other side of the coin, the wealth of the owners of the sugar factories."

Further arrests are expected in connection with investigations which may gravely embarrass the political establishment of the Labour Party and even involve Ministers. The inquiries began immediately after Mr. Yadin's appointment to succeed Mr. Moshe Sanbar.

At the time, Mr. Yadin's nomination was criticised by the banking and private sectors

## Arrest of Israel central bank chief-designate

BY L. DANIEL

TEL AVIV, Oct. 19.

MR. ASHER YADIN, whom the Israel Government five weeks ago nominated as the next Governor of the country's Central Bank—although his appointment has not yet been confirmed—was last night taken into custody by the police in connection with various transactions carried out by Kupat Holim, the health insurance fund of the Israel Labour Federation, which he has headed for several years.

Further arrests are expected in connection with investigations which may gravely embarrass the political establishment of the Labour Party and even involve Ministers. The inquiries began immediately after Mr. Yadin's appointment to succeed Mr. Moshe Sanbar.

At the time, Mr. Yadin's nomination was criticised by the banking and private sectors

because of his close connections with the Labour Party, which apart from being the main element in the present coalition Government, also effectively controls the Histadrut and its various off-shoots which account for about a third of the country's total economic activity and 60 per cent of industry.

Before becoming head of Kupat Holim, Mr. Yadin held other key posts in organisations belonging to the Israeli Labour Federation or Histadrut.

Mr. Binyamin Ziegler, the police prosecutor, has told the magistrates court here that Mr. Yadin is accused of receiving \$6,000 in bribes from real estate deals, as well as from a company supplying the health fund, and conspiring to defraud the state of tax in a private real estate deal. Six transactions are under investigation and Mr. Yadin, who is 43, was remanded in custody for 15 days.

Police say that he is also suspected of having been a partner in having given false declarations in connection with the purchase and sale of a flat registered in someone else's name. An officer added that there were grounds to believe that Mr. Yadin or others acting on his behalf had tried to intimidate potential witnesses.

Mr. Yadin was not the only one remanded to-day. Another is a former director of the Labour Federation's construction company, Sol Boneh, Mr. Mordechai Elison. He is stated to have been involved in a real estate deal worth \$1.2m, with part of the proceeds, according to the police, going to Mr. Elison and part to Mr. Yadin—as well as to others. A third remand or rather an extension is that of the Accountant General of the sick

## Cambodia commercial mission in Hong Kong

By David Housley

HONG KONG, Oct. 19. CAMBODIA is making its commercial contacts with non-Communist world states closed its border after Khmer Rouge took power April last year.

Transactions are handled through the Ren Y company, a Communist Chinese trading firm, based Hong Kong.

The four Cambodians, acting as a trading mission Cambodia though they it on the fiction that they private businessmen. To to accord with Hong Y regulations which make it cat for trade or commissions, apart from status here.

The trading mission for the Cambodian team So Chea, said they were to purchase from Western country, including U.S.

He declined to say what goods in northern they seeking though he was for catalogues of goods. It is believed, however, that Cambodia is in the ket for industrial equipment and fuel while wanting to rice and beans.

China is apparently not the Cambodians financial port, though Mr. So would only say that the of the purchases would a line with the "communist financial resources" the Cambodian team has been since July but according Mr. So Chea, has made deals as yet.

The senior member, Mr. Rit, is currently in Cambodia where the Chinese are their autumn trade deal. The Chinese are likely to be chased from China will shadow those from the West.

The Chinese are apparently anxious to keep a close eye on Cambodia's commercial contacts with the West. Nations, for establish a presence in Hong Kong were comb through Peking. Cambodia China's strongest link Indo-China as the "Russ hold more sway in Viet and Laos.

## Military chief back Hua

HONG KONG, Oct. 19.

MAJOR military command China's regional areas thrown their support behind Communist Party leader Hua Kuo-feng and the of radical elements headed by the widow, Chiang.

One military rally came closest yet to officially identifying Madame Mao as a target of the current political struggle. A political commissar in Canton, a garrison commander, and others who claim to be a "student" of Chiang Ching-kuo, have identified herself many times in the ten years as a "student" her husband.

In Nanjing and Shenyang headquarters of two of the most important regional commands, military commanders and troops pledged support to Hua Kuo-feng and the widow of Mao, who make revisionist claims to power.

## Row shaping over Cubana crash

BY OUR OWN CORRESPONDENT

BRIDGETOWN, Oct. 19.

A POLITICAL row is shaping over the legal technicalities of the crash of a Cubana Airlines jet off Barbados on October 8 in which all 73 aboard were killed.

It has been generally accepted that an engine caused the disaster in which 57 Cubans, 11 Guyanese and five North Koreans were killed. A Miami-based group of Cuban exiles, calling itself El Condor, claimed soon after the crash that its agents had planted a magnetic bomb on the flight and two men, based in Venezuela, have been held in Trinidad in connection with the incident.

However, no charges have been laid against them yet and there is doubt as to the country in which they should be tried. The Barbados Government declared on Friday that "after exhaustive inquiries" it had been established that the crash

occurred 45 miles offshore, in other words outside its three miles territorial limits.

Mr. Tom Adams, the Prime Minister, said Barbados had not decided on the matter of extraditing the men from Trinidad to face charges here and said that Barbados police were treating it as a case of murder.

Our Georgetown correspondent writes: Mr. Burnham has publicly called on his Barbados counterpart to apply for the extradition of the two Venezuelans. He said he was informed that Trinidad and Tobago would give favourable consideration to such an application.

He disputed the contention of the Barbados Government that the incident was outside Barbados jurisdiction, and that the crash took place one and a half miles from Barbados. In addition, as Barbados was a signatory to the Montreal anti-hijacking convention of 1971, it could press charges.

The Guyanese Prime Minister

claimed that in the diary of one of the held men was the name of an officer of the American embassy in Venezuela. He also gave details of CIA connections with Cuban exiles, but he stopped short of directly accusing either the U.S. or the CIA of complicity.

## Terrorist plot

UPI reports from Caracas: Venezuelan authorities have discovered plans by anti-Castro agents to carry out terrorist attacks on the U.S. and half a dozen Caribbean and South American nations, according to Press reports.

Venezuelan police investigating the role of Cuban exiles in the Cubana Airlines bombing have linked it with other actions in recent weeks. Among these are the September 21 killing of former Chilean Foreign Minister Orlando Letelier in Washington and the bombing of the Guyanese consulate in Trinidad and Tobago.

## New Thai budget announced

Thailand's military junta has announced a \$3.4bn. deficit budget for 1977, but officials said later that more funds would be allocated for the military's top priority anti-Communist campaign, AP-DJ reports. The budget is basically the same as approved last month by the fallen civilian Government.

The Budget is 9.8 per cent higher than last year's \$3.1bn. The largest share, \$802.5m, goes to the interior ministry which will administer the police. The Defence Ministry receives the second largest share, totalling \$615m. But military sources said more funds would be needed for the anti-Communist campaign.

Revenue for the new fiscal year is projected at \$2.5bn, and the regime will have to seek loans to make up the deficit.

## India PM immunity

Indian Law Minister Hari Ram Gokhale indicated yesterday that the proposed constitutional amendment granting the Prime Minister immunity from arrest or prosecution on criminal charges was unlikely to become law, Reuter reports from New Delhi.

## Australia zone

Australia would feel bound to declare a unilateral 200-mile economic zone around its coasts if next May's Law of the Sea Conference session were successful, Foreign Minister Andrew Peacock said yesterday, reports Reuter from Canberra.

## Japan snubbed

The Soviet Union officially told Japan that it had rejected the Japanese plan to mark the 20th anniversary of the restoration of diplomatic relations between the two countries, the Japanese Foreign Ministry said yesterday. It was an indication of Moscow's displeasure with Japan's handling of the MIG25 affair.

## ON OTHER PAGES

International Company News: Possession decline and fall (R); heavier losses (30/32) Farming and Raw Materials: Lardinois "green pound" plus U.S. soyabean forecast (37)

## Riyadh accord fails to halt the fighting

BY ISHAN HIJAZI

BEIRUT, Oct. 19.

THE AGREEMENT for ending the Lebanese civil war which was announced last night at the end of the Arab restricted summit in Riyadh is already impaired by what has been described as the Israeli-backed military offensive in Lebanon by Right-wing Christian forces.

These forces, which were said to have been supplied with arms and military vehicles by Israel, yesterday occupied the strategic garrison at the town of Marjayoun, five miles from the Israeli border. The garrison commander, a daily paper with command connections, said that if Syria is sincere in carrying out the Riyadh accord it must put an end to the right-wing co-operation with the Israelis.

Syrian officials are believed to have raised the subject with the right-wing delegation which visited Damascus last week, and warned them Syria will deal with the matter as soon as its military action against the Palestinians and Left was completed.

However, the Israelis and the Right have established a fait accompli in the south and it could take a great deal of effort who were reported to have provided artillery cover for the eliminate it.

## Rhodesian denied release

SALISBURY, Oct. 19.

RHODESIAN authorities have said they will not free a detainee named in nationalist leader Bishop Abel Muzorewa's delegation to the Rhodesian conference so that it can go to Geneva to discuss the future of the country, within his African National Council (ANC) faction said to-day.

But, they added, another detainee and a man restricted to Bulawayo had been cleared to join the delegation.

They sources said a senior police officer told yesterday that the state of Southern Africa former Deputy Secretary-General Enos Nkala, detained about five months ago, would not be released. No reason was given, reliable sources said, and it was not yet known whether Agencies

the faction would insist on his release, the sources said. The police officer indicated that the Rev. Henry Kachinda, a former party official, who was detained about three months ago, would be released. The Rev. Canaan Banana, restricted to within 10 miles of Bulawayo, had already been freed from restriction, the sources said.

Meanwhile, President Julius Nyerere of Tanzania has proposed that the "black" African states of Southern Africa be represented by observers at the forthcoming Rhodesia conference in Geneva, usually held.

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## Carter matches Ford strategy in big cities

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Oct. 19.

MR. JIMMY CARTER has decided to match President Ford's strategy for the last ten days of the election campaign by also concentrating heavily on the country's largest industrial states.

The intention is to stage a series of major rallies in the centre of large cities, ward as a traditional Democratic tactic as a campaign nears its end. Again borrowing from the party handbook, Mr. Carter will be hammering away at conventional Democratic issues such as unemployment and the rise in the cost of living.

This morning, Mr. Carter was in Florida, with its substantial elderly (and Jewish) population, pushing hard for another Democratic cause—a national health insurance scheme. How-

ever, showing his sensitivity to Republican charges that he is a dangerous big spender, he eschewed endorsement of the controversial Kennedy-Corman health programme and said that though he wanted a health insurance scheme that would pay every penny of every American's medical costs, he would only propose it when he concluded the Government could afford it.

Mr. Carter had originally hoped to be able to conduct his Presidential campaign much as he had his march through the Democratic primaries—traveling widely, even indiscriminately, meeting with small groups as well as large and shaking as many hands as possible.

But with the race getting tighter and with the severe limitations on campaign expen-

diture bearing down on his campaign finances, he has found it increasingly necessary to resort to the big events which attract major media exposure.

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Both sides agree that Friday's final debate between Mr. Ford and Mr. Carter may be crucial in swaying the sentiments of the electorate—or in persuading the voters to stay at home. The polls have suggested sizeable swings to each man after the first two and the race is still close enough for whoever emerges as the winner on Friday to ride in triumph to the White House.

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Both sides agree that Friday's final debate between Mr. Ford and Mr. Carter may be crucial in swaying the sentiments of the electorate—or in persuading the voters to stay at home. The polls have suggested sizeable swings to each man after the first two and the race is still close enough for whoever emerges as the winner on Friday to ride in triumph to the White House.

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## Those undecided U.S. voters

BY DAVID BELL IN FOUNTAIN HILL, PENNSYLVANIA

CONFUSED, uninspired and a little irritated, the voters of Fountain Hill will go to the polls in two weeks' time. Their lack of enthusiasm for both presidential candidates is so pronounced that no-one can be quite sure for whom they will vote, or for that matter whether many of them will vote at all.

In this, as in so much else, this small Pennsylvania town typifies the problems facing the Democratic Party in the closing days of a curious campaign. Fountain Hill's 800-strong first ward has almost always picked the winner in presidential elections. It is something of a microcosm of thousands of communities in the north and midwest which have become the battleground of this election.

Like many of them also, it is heavily Democratic with a predominantly middle-income population, much of which works in the Bethlehem Steel plant that straggles along the floor of the valley below the town. It is a settled community, proud of its identity and without most of the problems that plague larger urban areas. In 1960, the Kennedy campaign monitored the first ward through the campaign and Mr. Louis Harris, the veteran pollster, still regards it as the most representative political precinct in the country.

Normally, Fountain Hill is the kind of place that the Democratic Party relies on to vote heavily for its presidential candidate. It is here that the Democrats can build up a solid vote to counter Republican strength in the suburbs and in rural areas. In 1968, one of the two occasions since the war when the ward did not pick the winner, it voted overwhelmingly for Mr. Hubert Humphrey, the kind of Democratic candidate with whom its people really feel at home.

But this year, the candidate is a Baptist peanut farmer from a hamlet in Georgia, with no national record, scarcely any standing in the party, and an accent which many people here find a little difficult to understand. In past elections, the

party might have compensated for this with a burst of advertising and all the other hoop-la used to stimulate support. Tight restrictions on campaign spending imposed by the Federal Election Commission now rule this out. There is not even enough money for buttons and bumper stickers.

Victory in states like Pennsylvania is particularly important for President Gerald Ford, who lacks Mr. Jimmy Carter's strong southern base, but the Democrats can ill afford to do badly here either. Mr. Carter has returned to Pennsylvania often, and most polls seem to show him well ahead in the state. Fountain Hill, however, suggests

that he has very little reason to be confident that they are right. A year ago, when this reporter visited the town to test voter attitudes, no one had heard of Mr. Carter. His name is well enough known now, yet all the publicity that has accompanied his success seems not to have wiped away a lingering sense of unease. The people of Fountain Hill still do not, as one of them put it, "feel comfortable" with Mr. Carter.

That was demonstrated in an unsolicited, random survey of the first ward in the past two days. Interviews with 133 people, carried out with the help of a local journalist and a lecturer at a nearby university, indicated that Mr. Carter ahead by 52 votes to 21 for Mr. Ford. But 33 of those questioned are not going to vote and 25 others said they have not yet made up their minds as to whom they favour.

Two said they would vote for Mr. Eugene McCarthy, an independent candidate and former senator from Minnesota whose campaign for the Presidency in 1968 provoked the decision of President Johnson to retire.

The memory of Watergate is still fresh in people's minds, no-one believes Republican talk about a lasting economic upturn, and most people seem to have a low opinion of the President's ability. He is well enough liked as a man, but if there is a consensus, it is that he is not really up to the job.

Yet he has one great asset. He has been around for a long time. He has a "track record" stretching over 25 years in Congress. Fountain Hill Democrats do not much like this record, but for some at least it seems to be reassuring. Mr. Carter, by contrast, is the man who came from nowhere. He is thought to be a risk, an unknown quantity, and there is a fear, especially among older people, that he may be too ambitious, too self-assured, and too certain that he can make chances where everyone else has failed.

On the other hand, Fountain Hill is a union town and the unions are strongly behind him. The steel company has begun laying off workers once again, and there is a feeling of drift. There is a sense that life was better under the

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## ASIAN MIGRANT WORKERS

## The new remittance men

BY JO MCBRIDE

REMITTANCES of foreign currency from migrants working in the industrialised world are becoming an increasingly important factor to the developing economies of Asia which are hard pressed for foreign exchange.

Last year, for instance, Filipinos (of whom there are 500,000 in the U.S. and over 8,000 in Britain alone) sent home the equivalent of about \$1.5 billion, making them the country's sixth most important source of foreign exchange.

Remittances to India from Indians and people of Indian origin reached an all time record of around \$850m last year, making them a long tradition of receiving foreign currency remittances from Chinese living abroad, benefited by around \$200m, in 1975.

The question of how such remittances can be put to "productive use" is under discussion at the World Employment Conference in Geneva under the auspices of the International Labour Organisation (ILO). Despite much justifiable soul searching in the developed world about the treatment of workers from Third World countries, pre-conference documentation issued by the ILO suggests that the "migration of workers from the developing to the developed countries has, on balance, undoubtedly been beneficial to the poor."

The conference agenda is also discussing the effects of the "reverse transfer of technology"—popularly known as the "brain drain"—which the emigration of skilled workers has caused many developing countries to suffer. In an attempt to discourage this siphoning off of skills the Government of

Pakistan announced in January of this year that it was amending its 1922 Emigration Act to make emigrants with professional or technical skills liable to pay up to 20 per cent of their income earned overseas in Pakistan charges.

Conversely it was the desire to encourage "maximum dollar remittances" which prompted the Philippine Government to implement last year article 33 of the Labour Code of 1974 which makes mandatory the remittance

of 40 per cent of foreign earned income back to the mother country.

President Ferdinand Marcos seeks to export more locally trained skilled workers who can command higher salaries abroad and to reduce exports of domestic staff — a once thriving movement which, according to the Secretary of Labour, Mr. Blas Opla, has "given the country a bad image abroad."

It is unlikely that the conference — whose president Mr. Opla is — will discuss the evil aspects of enforced remittances though it has caused anxiety to observers







## HOME NEWS

## Coal Board to increase output from deep mines

BY ROY HODSON

THE NATIONAL Coal Board is set to provide production capacity for an additional 4m. tons a year of deep-mined coal between the end of the existing Plan for Coal in 1985 and the end of the century, said Sir Derek Ezra, chairman of the Board, yesterday.

His figure provides the first factual information about the Board's long-range strategy. He also disclosed that much of the total extra 60m. tons of new mining capacity during the 15 years running up to the year 2,000 will have to come from new mines.

The Selby coalfield, which is to be officially inaugurated at the end of this month, will be an important provider, contributing 10m. tons a year for 40 years from the 1980s. The newly-discovered Belvoir coal-

field, in Leicestershire, which is thought to be one of Europe's biggest deposits of good coal, will also play a vital part in the Board's plans.

There will also be additional development of existing long-life mines which will make up the long-range tonnage targets in conjunction with the new coalfields.

But if the Board's current exploration programme continues to be as successful as in recent years—Selby and Belvoir have added more than 1bn. tons of coal to the national reserves—then it may be possible to concentrate on more efficient coal extraction projects than on finding new coalfields.

Sir Derek yesterday emphasised that "new mines for old" developments would be an important part of the Board's activities.

## Minister defends plan to extend direct labour

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

SOME of the criticism directed at Government proposals to extend the scope of local authorities to undertake new building work for adjoining local authorities and for new town development corporations as well as housing improvement and maintenance work for private house owners in housing action areas and general improvement areas will also be permitted.

Mr. Armstrong continued: "We have recognised all along the importance of proper charging, accounting and tendering procedures. Competition under fair and reasonable rules has an important part to play in stimulating efficiency, and we propose to make clear in the legislation the financial basis on which work may be carried out by direct labour operations."

"We consider that, in tendering for work, direct labour practices should be more closely in line with those of private contractors."

## Maudling accepts libel damages

MR. REGINALD Maudling, MP, Shadow Foreign Secretary, yesterday accepted "substantial damages" from the BBC for a "grossly libellous and offensive" reference to him on Radio London.

Announcing settlement of Mr. Maudling's High Court libel action, his counsel Mr. Peter Bowsher, told Mr. Justice May that the remarks were made on July 9 by Mr. Denis MacShane, a BBC journalist in the phone-in discussion programme, Platform, produced by Mr. Roger Clark.

Mr. MacShane and Mr. Clark were also sued by Mr. Maudling. Mr. Bowsher said that during the programme, Mr. Clark asked Mr. MacShane to make a telephone call to the programme to stimulate the discussion. It was understood between them that Mr. MacShane should pretend to be an ordinary listener.

## New head for Lucas's U.S. operations

BY PETER CARTWRIGHT

IN A significant appointment, Mr. E. B. Wooten is to head Lucas Industries' American operations.

Lucas is playing down the move, saying Mr. Wooten will also be in charge of the company's substantial aerospace sales in small gas turbines and control equipment, for Boeing, Rolls-Royce RB-11 engines, as well as the CAV diesel fuel injection equipment and automotive, electrical products.

The group has two main operations in the U.S., an automotive original equipment enterprise at Detroit and an aerospace establishment at Englewood, New Jersey.

"We are determined to take advantage of the opportunities opening up and we believe the U.S. market in the first half of next year will show a significant expansion in demand for our range of products," Lucas said.

## Nuclear-power cargo ship makes first U.K. visit

BY JOHN WYLES, SHIPPING CORRESPONDENT

WEST GERMANY'S merchant ship the Otto Hahn, one of the world's few nuclear-powered cargo ships, is to make her first visit to a British port today.

Because of the environmental fears inevitably attached to a nuclear-powered ship, the PLA, the Institute of Nuclear Ship Propulsion Research Centre, say that they first asked for permission to bring the ship to a British port ten years ago. This was apparently withheld pending a judgment on the vessel's safety.

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## Texaco to drill in Cardigan Bay

TEXACO IS to start drilling an exploratory well in southern Cardigan Bay within the next two to three weeks.

The company will use the rig, Drilmax, which has nearly completed its well for British Gas's drilling company, Hydrocarbons (GB), in the same area.

Texaco's well will be drilled on one of two adjoining blocks, 103/2 or 103/8, with the rig November.

## Leyland to keep Special Products

By Kenneth Gooding, Industrial Correspondent

BRITISH LEYLAND has no intention of having off its specialist engineering group, Leyland Special Products, said Mr. Alex Park, the chief executive, in London yesterday.

Special Products takes in the Prestcold commercial refrigeration business, Coventry Climax industrial trucks, Aveling Barford, the construction equipment manufacturer, and Alvis, the military vehicles company.

Mr. Park pointed out that sales of Special Products had jumped to more than £150m. a year, which put it in the top ten specialist engineering groups in the U.K.

He said: "Not so long ago the Financial Times suggested that Special Products ought to be hived off on the grounds that it was not in the mainstream of British Leyland activities, and that it was a consistent profit-maker."

## Very proud

"This struck me as rather odd as I would have thought that the best reason for retaining a Government-owned organisation was that it made money. We are very proud of Special Products, and don't intend to let it go."

Indications are that Special Products could show a 80 per cent jump in pre-tax profits when the next annual results are published. In 1970 it reported profits of £5.9m., up from just over £3m. in the previous year.

Capital project approvals by the division have jumped from £3m. in 1970 to more than £14m. this year, and are almost entirely from Special Products' own resources.

Four companies were acquired during the year to consolidate its activities, and broaden the product range. Two companies went into the Prestcold refrigeration group, including a part of Thermotank. Another, Marshall Fowler, became part of Aveling Barford and was rechristened Aveling Marshall. Part of the industrial trucks operations of Joshua Shaw & Batley was added to Coventry Climax.

## 65 building employees redundant

ALL 65 employees of Attenborough, Nottingham, the building company, which is part of David Charles Property Development group of Birmingham, were made redundant yesterday because of the group's cash crisis.

The Nottingham company, one of the biggest in the group, has taken back company cars. Only Mr. Dennis Normansell, its Nottingham regional director, and his secretary are left at the Nottingham office.

Mr. Normansell said yesterday that the closure left 300 sub-contractors without work. He added that the company was not in the Receiver's hands, but work had halted on eight contracts the company was to have completed, and the banks would take over the sites to turn them into cash.

"I am trying to negotiate with the banks to persuade them it is economic sense to save the jobs of a lot of the sub-contractors and resume work on the site. I hope some workers may be reemployed."

A Receiver has been appointed for 16 of the David Charles group's subsidiaries.

## Engineering standards inquiry

By Kenneth Gooding, Industrial Correspondent

THE NATIONAL Economic Development Office has begun an inquiry into specifications and standards in the engineering industry, in response to the concern among many industrial strategy sector working parties.

When they reported in July, the working parties emphasised the scope for greater harmonisation of home and overseas customer requirements, both in the public and private sectors.

Progress in this area would be of great value in improving export performance, they said.

The issues raised by the working parties will be followed up by the new inquiry under Sir Frederick Warner, who retires shortly as chairman of the British Standards Institution.

The study should be completed by mid-December and the report available, therefore, for consideration by the National Economic Development Council at the same time as the progress reports from the working parties at the beginning of 1977.

The British Standards Institution is contributing and the Confederation of British Industry, the TUC, government departments, the professional engineering institutions and others concerned are being invited to do so.

Sir Frederick will be assisted on international aspects by former diplomat Sir Con O'Neill.

## Fluorspar plan re-submitted

SWISS ALUMINIUM has revived plans to establish a fluorspar processing plant in Weardale, Co. Durham. The company, which abandoned the scheme 18 months ago, has re-submitted a planning application for the plant, which will produce about 160,000 tons of fluorspar a year.

## Dublin set to make Provisional Sinn Fein illegal

BY GILES MERRITT, DUBLIN CORRESPONDENT

PROVISIONAL SINN FEIN, the IRA's political wing, was yesterday described by a leading Dublin Cabinet Minister as a "public relations agency for a convicted IRA leaders establish themselves as a legitimate force."

Dr. Conor Cruise O'Brien, Minister for Posts and Telegraphs, said he did not accept that Provisional Sinn Fein was a legitimate political party, and made it clear that the Irish Government would be ready to declare it illegal on police advice.

Dr. O'Brien, who was explaining in an interview his decision to ban Provisional Sinn Fein spokesmen from the RTE State broadcasting monopoly's programmes, described the organisation as "the propaganda wing for a criminal organisation and a public relations agency for a murder gang."

He said that his directive forbidding RTE journalists publishing interviews with Provisional Sinn Fein had been "on ice for many months."

His decision to clamp down followed a radio interview on Sunday with a prominent Provisional and was taken only after consultations with Mr. Liam Cosgrave, Prime Minister, and Mr. Cooney, Justice Minister.

Provisional Sinn Fein's activities and its relations with the illegal Provisional IRA were described by a leading Dublin Cabinet Minister as a "public relations agency for a convicted IRA leaders establish themselves as a legitimate force."

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## NHS inquiry starts taking evidence

BY DONALD MACLEAN

THE ROYAL Commission on the National Health Service will make public statements on the developments in the service in the coming 20 years as it begins to take the evidence of its report—should it feel these necessary.

This was made clear yesterday by Sir Alec Merrison, the commission's chairman, when he launched a new stage to the progress of the inquiry—the taking of substantive evidence. The five months since May, when the commission started, have been taken up in defining the way the commission proposes to go about the main part of its work.

The commission, Sir Alec Merrison said, would take a broad look at the service, and would aim to set out underlying principles for the health service, whether these were in tune with existing Government policies or not. Policies, he pointed out, could change, and it was the role of the commission to consider in the light of the evidence what the service in a future time might be.

It is clear that the demand for health care is increasing, and that the private sector is having to take on a larger role. It is also clear that the public sector is facing a crisis of confidence. The commission's task is to define the principles for the future of the health service, and to set out the way in which these principles should be put into practice.

The commission's work will be carried out in a series of public hearings, and the evidence will be taken from a wide range of sources, including doctors, nurses, patients, and the public. The commission will also hold a series of public consultations, and will publish a series of interim reports as it goes along.

The commission's final report is expected to be published in the summer of 1977. It will set out the principles for the future of the health service, and will recommend the way in which these principles should be put into practice.



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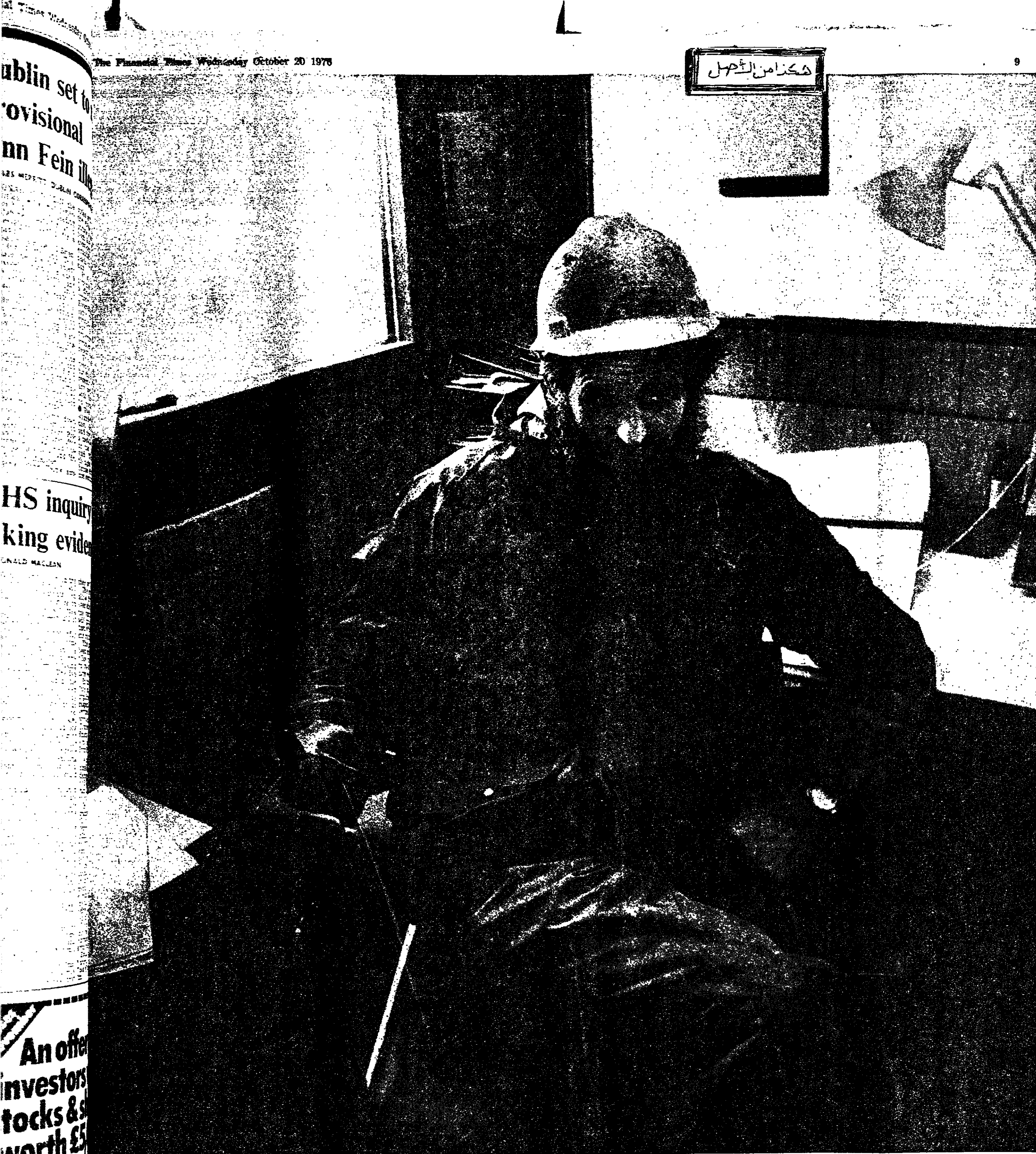
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Photograph: Gus Wylie

## Peter Arnold: travelling shalesman.

Ever since he gave up his job on a dairy farm near Bournemouth, 20 years ago, Peter Arnold has been travelling the world drilling into shales deep underground to bring oil to the surface.

The work has taken him to Canada, Australia, Libya, Angola, Turkey, Mozambique — and now, in the biggest job of them all, to the North Sea.

Peter is a rig supervisor on Beryl A platform, about 100 miles southeast of the Shetland Islands. That's a key job in the drilling operation. It's one he's worked hard for. He's been a roustabout, roughneck, derrickman, driller, and tool pusher on the way up; and none of those jobs is a

picnic. Working on the drilling floor of a rig is tough, dirty work anytime.

This time, Peter Arnold has landed in the middle of an exploration on which more scientific skill, dogged and dangerous hard work, and risk money are concentrated than have ever been brought together anywhere to find oil. People like Peter, along with thousands of others in all sorts of jobs, are deeply involved.

So is Mobil. We've been working in the North Sea for 14 years. We and our partners have uncovered several important fields, and just this autumn we're beginning deliveries from the Beryl field. You may not know that

Mobil also is producing oil and gas in 15 other countries around the world and is a worldwide marketer of petroleum products (we've been doing business in the U.K. since 1886). All in all, we're fairly well experienced travelling shalesmen ourselves.

Britain counts heavily on North Sea oil to help turn the country around and get it moving in healthier economic directions. We count on people like Peter Arnold, and on the British way of getting on with the job.

Between us, very good things are happening.

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● NEWS ANALYSIS—CLOSED SHOP

## Fifty British Airways staff lobby MPs

BY DAVID CHURCHILL; LABOUR STAFF

Hydrogen being highly flam- of the supervisors and managers *slow Place, London, W.2.*

**BY MICHAEL CASSELL**

Mr. Frank Graves-Smith, Deputy Director-General of Fair Trading, told the annual conference of the Association of Building Societies that the new Eastbourne estate, the new annual total of between 160,000 and 170,000 could be down to 150,000 over the next 12 months. Even this figure could prove inadequate to meet the income strain, higher mortgage rates and the imbalance between house and flat building.

BY RAY DAFTER, ENERGY CORRESPONDENT

The U.S. appeared to be doing much better than its position would indicate. U.S. oil imports had increased by almost one-third since the energy crisis; the natural gas deficit was rapidly getting worse; and coal production was increasing.

It was hard to comprehend the logic behind Congressional proposals to break up large oil companies, to force them to share their profitability, or to encourage the profitability of those companies that enables them to merge against them.

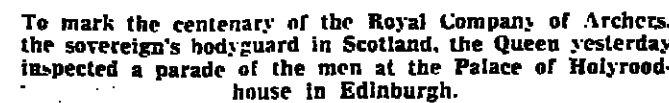
Of the energy business, but energy was now a prime mover on the political chessboard and only governments had the power to resolve those problems. The government could provide the essential mechanism to ensure future energy supplies, but governments must provide the political setting within which the mechanism can function.

There was no existing workable policy framework for energy planning and investment."

by about 1 per cent, and destruction of thousands of jobs.

"So what should Mr. Healey do? Disown with 100 percent? Or 100 percently appointed Government, Press and public relations officers?" Reduces the pay of priests, or of the PRO-

But it's another way. The sign is to ask from Dr. Barnard, "What is the difference between the \$100,000 the Government is throwing away by abolishing pay-eds."



## BY KENNETH GOODING

## Grimond diagnoses

And the traveller would have gone unintended, Mr. Grimond continued—because the director would be either dealing with a mountain of correspondence or would be a man of no influence.

BY DONALD MACLEAN

## Cash flow aid venture launched

**FINANCIAL TIMES REPORTER**

the results of these companies, which implements a three ledger plan, H. and H. Factors, a member of the Credit Insurance Association, and the Walter E. Heller Inter-arranges credit insurance.

This opposition, put up in most cases by only a tiny proportion of employees, stems from the fact that neither the 1874 Act nor the more recent Employment Protection Act gives any right in

By Our Labour Staff

same pay as two male assistant chefs in the factory canteen.

Last week Mr. Justice Phillips overturned an industrial tribunal decision against

duction workers have already easily.

## Plea on differentials

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

Production has continued at Castle Bromwich, but at reduced levels. The factory supplies bodies for the Mini, Jaguar, and the new Rover. About 2,000 production workers have already

BY OUR LABOUR STAFF

Nothing is preventing the Prime Minister and his Cabinet from giving due reward to the

\_\_\_\_\_

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10-16 info on Tuesday, Sept. 26

**LONDON EXHIBITION.** London  
Pavilion and Dismantled by 12  
Oct. 1978 12th at 1000, 1000  
10-16 info on Tuesday, Sept. 26

SA. 1000, 1000 10-16 info on Tuesday, Sept. 26

**FIELDSTONE GALLERIES** 83  
City N.Y.C. 554 1000  
BURN-REPRODUCTION

**PARKIN GALLERY** 11 1000  
10-16 info on Tuesday, Sept. 26

**MAKING - British** 1000

## Department of Employment

MAAS GALLERY. Exhibition of water- colours, drawings and oils by J. JAHN: 10.15. 11.15. 12.15. 1.15. 2.15. 3.15. 4.15. New Road Street. W.1. Daily 10-5. Sat. 10-12 until November 26th	MARINE ARTISTS. Royal Society School of Painting, A.C.E. 10.15. Until 26 Nov. Agm. 7.
ROYAL ACADEMY OF MUSIC. 4.15-7.54. 9.22. L. 5.15. D. 1.15. A. 11.15. H. 10.15. cl. 15. Agm. 8.00. 3.00 on Mon. 4.00	GALLERY. 275 Queen Mary Ct End Road. E.1. JAN HOOD 10.15. 11.15. 12.15. 1.15. 2.15. 3.15. 4.15. STAFF. 10.15. 11.15. 12.15. 1.15. 2.15. 3.15. 4.15.

A pay deal for more than 10.6 cally Agm BOP 30p on Mondays. SLOANE STREET GALLERY. 1  
Ang until 1.45 p.m. on Sundays. SP. SW1. Modern paintings.

Source: SA-10A; Greater SA B-vic SA  
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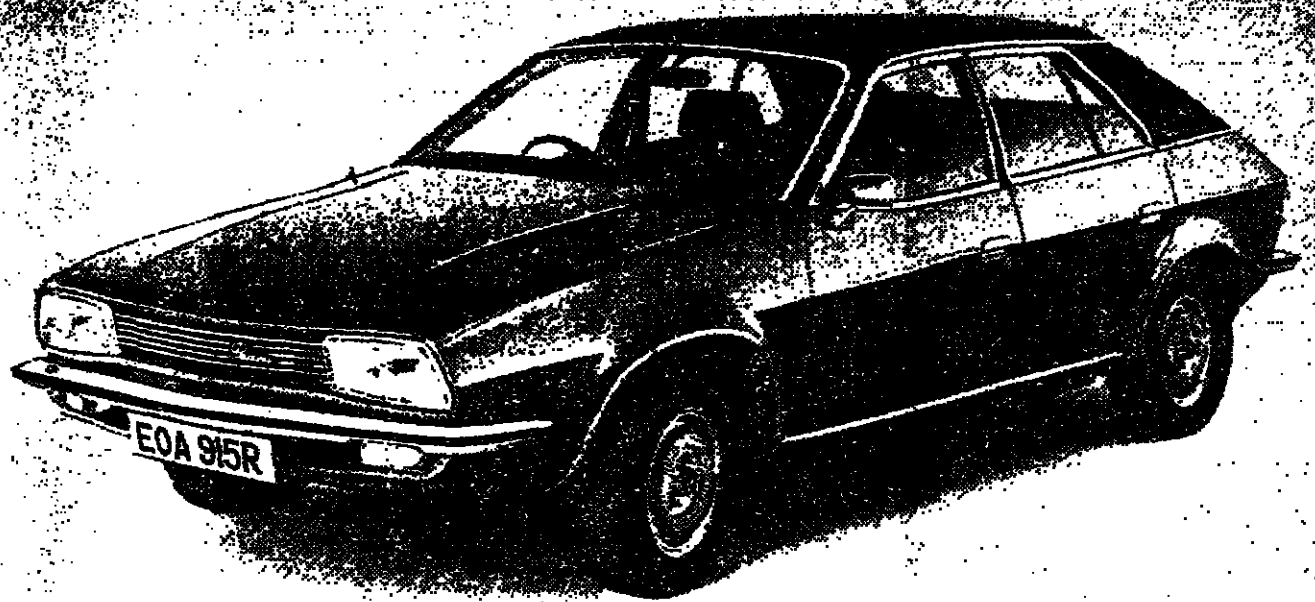


NEWS  
LYSIS - CLOSED  
British Air  
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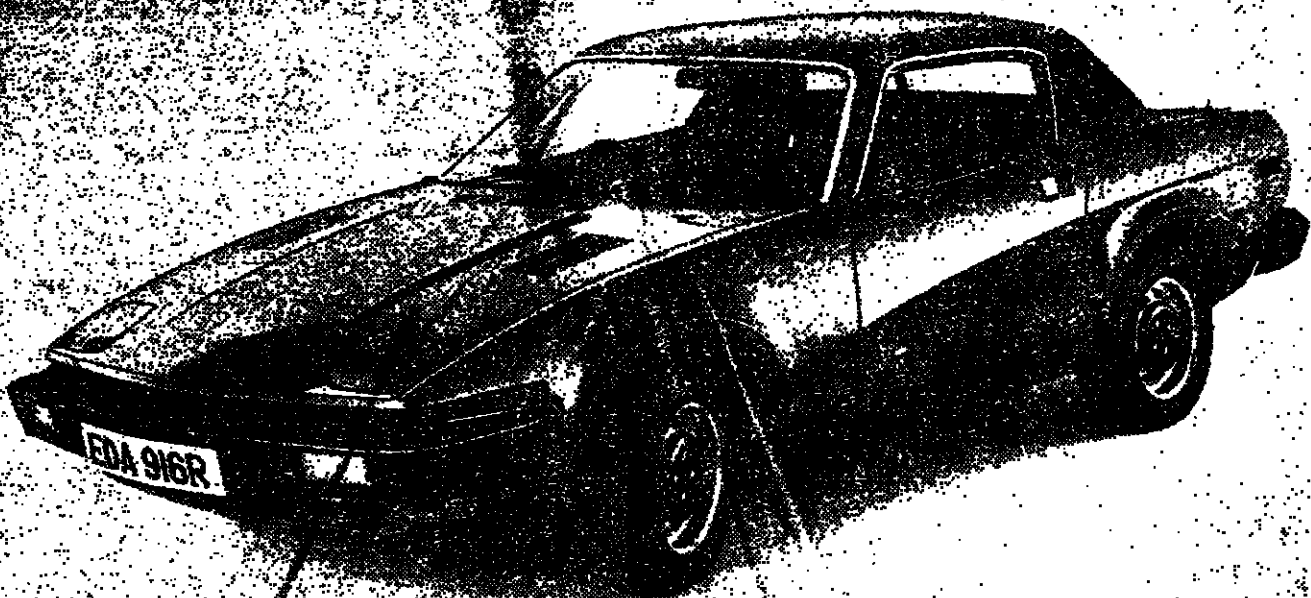
مكزامل الثمل



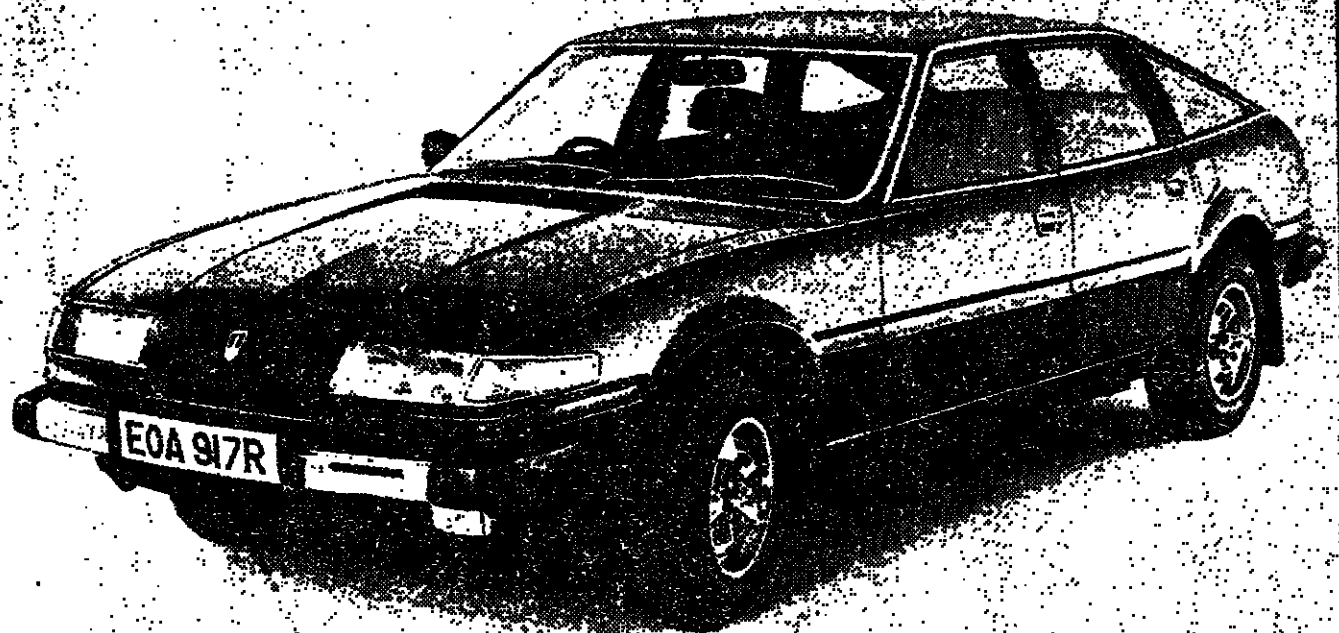
**Jaguar XJS: launched September 10th 1975.**  
"Superbly engineered and designed, perhaps the quietest and most comfortable high performance car on European roads." Financial Times.



**The new Princess range: launched October 20th 1975.**  
"The most exciting piece of styling carried out in Britain since the war." Daily Express.



**Triumph TR7: launched May 19th 1976.**  
"a combination of positive controls, well balanced suspension and flexible motor gave exceptional driveability." Car Mechanics.



**Rover 3500: launched June 30th 1976.**  
"A superb car, brilliantly engineered, that (for the price) is streets ahead of anything else - and better than many more expensive cars." Motor.

## Not bad, for one year in business.

Last year, the British motor industry officially took on the new name of Leyland Cars.

First, they launched the most luxurious, most expensive and most exclusive Jaguar ever.

And the XJS, along with a good deal of envy, attracted a lot of foreign buyers.

(At present, export orders are standing at over the £10 million mark.)

Just one month after the XJS came the four-car Princess range with its innovatory and highly successful wedge design.

Then, in May this year, appeared a revolutionary new sports car: the TR7.

And to round off the year in superb style, Leyland Cars announced its car of tomorrow: the new Rover 3500.

Now, to launch exciting new cars like these in one year may seem extraordinary enough.

Leyland Cars went one better.

For, at the same time, they introduced the kind of warranty no other manufacturer would dare: Supercover.

With Supercover you get a parts and labour guarantee for the first twelve months (mileage is unlimited).

You're entitled to the full benefits of AA membership

(including free roadside assistance, Five Star Travel Service, legal advice etc).

You qualify for free AA Relay recovery service.

If your car breaks down and can't be fixed on the spot, the AA will transport it to the nearest Leyland Cars garage (in the mainland U.K.).

And as Leyland Cars have the largest sales and service network in the country (with around 2,600 garages) it won't have far to go.

One last thing: before you take delivery of your car it's given a free 69-point checkout.

So you may never need Supercover in the first place. But even if you don't, it's good to know it's there.

Justifiably then, with a first year like this behind them, Leyland Cars feel pretty confident.

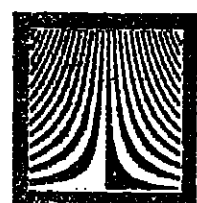
You can too.

Because Leyland Cars mean great cars. And a great deal more.

 **Leyland Cars** 

**The one car manufacturer we all have an interest in.**





# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTTERS

## METALWORKING

### Damaged shafts and rolls repaired

WORN, DAMAGED or corroded Details from the marketing agent, Hull, Blyth and Co., 30 Bedford Row, London WC1R 4EU (01-405 2115). Licensees to anything which can be rotated in the process are being sought and training courses for repair by a spiral welding process, developed by Fleetworks, are available at Fleetworks, Poole, Dorset (02043 3031).

## PLASTICS

### Free data on moulding technique

According to the company, metallurgical studies have shown that the repairs are satisfactory provided the procedure specified by Donald Healey, inventor of the process, is followed. He emphasises that he will only recommend the method for marine and other critical applications where a DIT classification or insurance company surveyor's approval has been obtained. Main advantages claimed for the process are that repairs can be effected quickly by licensed operators at 50 per cent. of the replacement cost, and maintenance downtime is greatly reduced, since by recycling worn component fit-up with existing parts is simplified. Based on the metal/inert gas (MIG) welding process, the technique provides a layer of repair metal similar in chemical composition to the original material (provided the correct feed wire is selected). Alternatively, heat improved corrosion resistance, come to light. The problems of wear, or bearing properties can be obtained by cladding the worn component with a compatible alloy.

Careful control of the parameters governing heat input and deposition mode, is stated to ensure that the reclamation metal is fused to the component being repaired, and cannot become detached, while the shallow heat-affected zone practically eliminates distortion and dimensional changes. The company claims that the cladding generally contains fewer impurities than the parent metal, imparting improved mechanical properties. It is stated that this has been demonstrated experimentally under both static and dynamic conditions.

moulding or toolmaking service. Full information on the process is being disclosed on November 2 in "Hydro-Plastic Moulding (hpm)" by Farel Bradbury. Publishers are Hydatum, and the book is distributed by Bradbury Controls, Ross-on-Wye, 0600 51599.

## HANDLING

### Batteries drive for fork-lifts

CHLORIDE GROUP industrial battery manufacturer, has announced the formation of a new consultancy service to identify the areas where increased use could be made of battery-operated, pollution-free fork-lift trucks.

The consultancy service has been created as a direct result of the increased pressure from unions and managers for an improved environment and greater efficiency. It will be led by Dr. Brian Edwards, director of the motive power projects group of Chloride Technical, based at Swinton, Manchester, and by Mr. Chris Morris, manager of the group. This section of Chloride was responsible for pioneering work on the Silent Rider Battery Bus and, more recently, the Silent Carrier battery-operated 35 cwt delivery vehicle in service with National Carriers.

Studies have already begun on applications in which electric-powered vehicles have so far been regarded as unacceptable. Checks are being made at separate installations currently using lift trucks with internal combustion engines.

## COMPUTING

### HP cuts the cost with technology

CREST OF the present wave of product announcements from Hewlett-Packard must be yesterday's unveiling of an improved family of baby computers which slot into the company's range at the low end.

But the 1000 Series is taking advantage of improved memory, processor and disc technology to provide much more power at considerably lower cost and while it is aimed primarily at scientific and industrial users, commercial customers will not be far behind, provided the applications package support is forthcoming.

There is no reason to suppose it will not be, since the company will steer commercial clients towards Seton for any commercial software required, or train company staff in methods of programming the equipment. One thing HP will not do is write applications programs itself.

Prices of the equipment run from £29,980, or about 9 per cent. less than existing comparable equipment, up to about £50,000.

Standard for the larger units and optional on the smaller ones is a database management software package called Image/1000 for which the company is wholly responsible.

The company has OEM houses in mind and will be selling in bulk to these at prices up to 30 per cent. off list, the only proviso being that while the production line is getting into its stride, there will be a hold on selling central processors alone.

Meanwhile, Hewlett-Packard asserts that it is now the second largest minicomputer manufacturer in the world after DEC, despite earlier claims by Data General.

That the company intends to continue its growth in one of the most hotly contested market places in modern technology is underlined by the claim that it has now mastered the problems of manufacturing large scale integrated circuits according to the silicon on sapphire (SOS) process—a most difficult technology which, however, holds the reward of a five-fold speed-up on any other process for the production of microcircuits. But mastering this process has cost Hewlett-Packard about \$20m, an undisclosed number of man-years of research and development effort.

Six to eight years ago, everyone was working on MOS, including a number of groups in the U.K. Now, so far as is known, the only other real contender with HP in the U.S. is RCA.

Obviously, no user cares what the manufacturer has put under the control panel. But he does care what the manufacturer charges him for a given level of performance.

This is where HP expects to score when it begins to use SOS circuits on a large scale in its products in 18 months to two years' time.

Challenged on this use of technology in a sales attitude, Derek Smirithil, technical director of HP in Britain, pointed out that a company the size of HP, working in the fast-moving market of instruments and small computers cannot afford to develop a whole new technology and put it on the shelf to await competitors' moves, as IBM is purported to do as a matter of course. The time cycle is far shorter in the HP corner of the world and "two years is a long time in minicomputers."

More from Hewlett-Packard on Wokingham 75774

## Redifon's licence renewed

FOLLOWING expiration of an agreement signed in 1971 between Redifon Computer and The Entrex Corporation of Burlington, Massachusetts, a new agreement has been signed between the two companies, covering a further five years of commercial and technical co-operation.

Under it Entrex renews Redifon's licence to manufacture the Spectech range of data entry computers for a further five years and extends Redifon's marketing rights for the same period. In addition the companies agree to exchange hardware and software improvements relating to the Spectech range during the period. Redifon further has an option on new computer products emanating from Entrex during the period. Redifon, Kelvin Way, Crawley, Sussex, Crawley (0293 3121).



This \$65,000 scanning electronic microscope has just been installed by J. and S. Sieger at its headquarters on the Nuffield Industrial Estate, Poole, Dorset. It will be used to carry out delicate and complex research on catalytic materials which are key components of Sieger gas detection systems. Surface structures of less than a millionth of a centimetre in size can be examined. The catalytic materials are used in sensors which are placed at strategic points in factories, chemical plants, mines, refineries and similar

potentially dangerous situations to detect the presence of gases and vapours before they reach toxic or explosive levels of concentration. The sphere behind the microscope contains liquid nitrogen for cooling the silicon detector. The console on the left provides a visual graph of the chemical composition of the substances under examination. The console on the right incorporates a cathode ray tube to provide a picture and a camera for taking pictures of the image.

## COMMUNICATIONS

### Telephone watchdog sales drive

TELEPHONE RENTALS has made an agreement with Inter-Communication Systems to supply its Data Analyser, or telephone watchdog, for which the Post Office has recently granted type approval, will be supplied.

Telephone Rentals will sell on an exclusive basis the Inter-Communication Systems Data Analyser, or telephone watchdog, for which the Post Office has recently granted type approval, will be supplied.

This is a significant move since the analyser has been shown by its Canadian Government-sponsored originators to bring a saving of 30 per cent. of the cost of telephone bills. But equally important is the fact that the equipment allows services management staff to determine

whether the telephone system is adequate, overloaded or under-employed. Allocation of costs by department becomes much easier. This too is important in company administration since, after wages and salaries, telephone costs now appear to be the largest ingredient in administration overheads.

Further information from Inter-Communication Systems, Hoechst House, Salisbury Road, Hounslow, Middx. 01-872 2871.

## Swiss sell design to France

PARIS 3, the new international telex centre for the French capital, will have an initial

studio 55 video  
INDEPENDENT CONSULTANTS  
SUPPLIERS AND HIRERS OF  
**cctv**  
CLOSED CIRCUIT TELEVISION  
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Swiss Cottage London NW10  
01-329 3262

INSTRUMENTS  
Provides  
precise  
readings

SPECTRA-TEK U.K. has developed a microprocessor flow instrumentation system particularly intended for use in oil and petrochemical industry where high accuracy and integrity are needed. Early applications where custody transfer is prevalent, that is, ownership of the product changing hands or at a pipeline where duty is paid. The 888 system is a microprocessor based instrument which can carry out a large number of tasks including linear batching, blending and detection. A principal task is to monitor the temperature of the flow; all gross or compensated totals are digital played after a voting test has been carried out on data paths for maximum integrity. Company emphasises that its programs are based on a microprocessor chip memories each instrument becomes a part of a specific series of—overcoming Governmental objections about dangers of computer programs. Inga Lania, Kings side, York (0751 31620).

MATERIALS  
Aluminium  
skirting  
boards

BOTH THE building and retail traders in the yourself market are approached by a metal fin company which is offering skirting for the wood skirting boards that still abound throughout the country. The company suggests a more modern appearance given to rooms by using skirting aluminium alloy skirting. These are similar to skirting but are anodised and coated with a semi-gloss acrylic paint. They are held in place by means of the clips which are attached to the walls at metre intervals. Details from Leavitt, End Works, Yossall, Burt, Trent, Staffs. DE13 6NL 47233.

# EASIER WAYS TO PAY GAS BILLS.



- 1 You can pay a regular monthly amount, thus spreading the cost of your gas evenly throughout the year—by Standing Order through a bank, or Post Office Giro, or through the bank's own budget account facilities. Or, if you haven't got a bank account you can use our Monthly Gas Vouchers.
- 2 If you'd prefer to put more aside at some times than at others, you can buy our 50p. Gas Saving Stamps from your local gas showroom—as and when you want.

Availability of some schemes is not yet complete in every Region.

To: British Gas, Dept. H.C.A., 326 High Holborn, London, WC1V 7PT. Please send me details of your Easy Payment Schemes, as ticked:

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Address \_\_\_\_\_  
Town \_\_\_\_\_  
Gas Region \_\_\_\_\_

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☐ Monthly Gas Vouchers.  
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SAVE IT

## MARINE ENGINE

### Quiet diesel for small craft

OVER 10m. is being spent on tooling for a 12 bhp diesel engine launched yesterday by the Hamble-based marine division of Petters. A Hawker Siddeley company.

The engine, the Mini-Twin, has been designed for craft up to 25 feet and at 255 lbs (operational) is claimed to be 70 lbs lighter than its closest competitor. It has involved the company in substantial investment in both plant and research.

Production is currently running at 40 per month and this is to be increased to 100 per month by February. The company expects to sell at least 1,000 units in 1977.

Major market is as a yacht motor for the 8- to 11-metre classes, but the engine would also have workboat applications. Some 48 per cent. will probably sell in the U.K. and of these 75 per cent. will be in exported boats.

Selling as a complete power pack, including gear box, the engine is priced at £1,178, but its major attractions are its low running costs—maximum consumption is 0.88 gallons per hour and spares are much cheaper than competitive engines—its compact size, and quiet running.

## PROCESSES

### Coaters for vacuum processes

TWO NEW vacuum coaters for use in the optical and electronic industries, and allied industrial/scientific fields have been brought out by Edwards High Vacuum (part of BOC). Chamber sizes are 480 mm and

610 mm diameter respectively. The 480 is for research and development, or batch production; the 610 is designed mainly for high throughput production or for handling larger substrates. The units have extremely compact overall dimensions, an integral liquid nitrogen trap, a quiet running two-stage rotary pump, ensures a clean vacuum system and prevents substrate contamination. The vacuum system is fully automated over the complete pumping cycle. Edwards High Vacuum, Manor Royal, Crawley, West Sussex RH10 2LW. 0293 38844.

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# Callaghan rejects Tory demand to 'admit failure'

BY JOHN HUNT

THE OPPOSITION sharply escalated its attack on the Government's economic policies in the Commons yesterday when the Prime Minister ducked the demand to admit failure.

Mr. Peter Tapsell (C. Horn-castle), told him: "Almost every-one in this country and overseas believes that the nation is drifting day by day steadily towards economic disaster. When is the Government going to bring forward the comprehensive package of measures necessary to avert it?"

This brought a stern rebuke from Mr. Callaghan who told him that this sort of alarmism and scare tale totally misrepresented the truth and the spirit of the British people. "We are faced with difficult problems that are deep-seated and which this Government is now overcoming, thanks to the full co-operation of the trade union movement," he declared.

Under later questioning by Mr. John Pardon, Liberal economic spokesman, the Prime Minister indicated that the Government still intends to try to hold the increase in money supply to 12 per cent. during the current financial year.

Only a few minutes before Prime Minister's question time, Labour Left-wingers were complaining bitterly to Mr. Albert Booth, the Employment Secretary, about the high level of unemployment, and were demanding a change in Government policies.

Yet, ironically, they howled down Mr. Prior when he voiced the same sentiments to Mr. Callaghan and the Speaker, Mr. George Thomas, had to intervene to restore order.

Mrs. Thatcher wanted to know why the Government had not said what the peak level of unemployment was.



Mr. John Pardon queried growth of money supply.

future. But we must stick to our policies."

Mr. Prior intervened to ask how the Prime Minister could possibly make such remarks when unemployment under this Government had risen from 2.7 to 6.1 per cent. of the labour force, the value of the pound had dropped from \$2.40 to \$1.85 and inflation was above the level it was in the next few months.

The whole House and the country believed that this was not good enough, he said. If the policies of cutting public expenditure had been taken at the right moment, the unemployment levels would not have risen to their present peak.

Agreeing that the scale of unemployment was unacceptable, Mr. Callaghan again claimed that the situation was only made worse by the industrial and agricultural crisis.

On the question of money supply, Mr. Pardon said that it had already increased by 10 per cent. so far this year, and he asked whether the Government thought that it would only grow by another 2 per cent. for the rest of the financial year.

He also asked the Prime Minister to spell out in clear detail exactly what the consequences would be to living standards and employment if money supply went above 2 per cent. in the next few months.

Mr. Callaghan told him that he was not sure that he was right in saying that the increase had been as high as 10 per cent. so far.

But he added: "Yes. It is the Government's view that 12 per cent. is the appropriate figure for the rise in the money supply during the course of the current year. It has increased rather more than that during the first six or seven months of the year. The success that will be achieved in controlling this will have an impact on sales of Government stock to finance the public sector borrowing requirement. That, in turn, will have an impact on the money supply."

Mr. Pardon said that it was in due course, I hope, on interest rates.

## Booth claims record MLR is short term measure

FINANCIAL TIMES REPORTER

THERE WAS open scepticism on both sides of the Commons yesterday when Mr. Albert Booth, Secretary of Employment, repeated earlier Ministerial claims that Minimum Lending Rate is unlikely to be kept at its present record level of 15 per cent. damage industry.

He had to contend with a sustained attack from Opposition MPs and Left-wing Labour critics about the rise in unemployment to 15m, which he again described as being unacceptably high.

Mr. Booth was drawn into commenting on the effects of the 15 per cent. MLR when Mr. Tony Newton (C. Braintree) asked if he accepted that it was likely to swell the unemployment total by tens of thousands.

With MPs on the Government benches and on the Opposition side of the House indicating that they took a different view, the Minister contended that the 15 per cent. MLR had been introduced as a short term measure, which, he believed, would not last for sufficient time to have

any considerable effect on industry.

Mr. James Prior, shadow Employment Secretary, insisted that the truth was that Government policies had failed.

Alternative policies suggested by the Labour Left wing should be ignored in favour of Conservative policies which had been adopted when first put forward two years ago, would have reduced the level of unemployment by now, he claimed.

Mr. Booth retorted that the most recently published statistics showed that total unemployment had fallen in every region in the country and that, overall, the number of vacancies in the country had risen at the same time.

Much of the fall, he admitted, was attributable to the drop in the number of unemployed school leavers in 1977.

Mr. Booth also saw some grounds for optimism in the fact that the rate of increase recorded in September was lower than it was some months ago. There

were signs of an improvement in the employment situation, for example in the numbers of vacancies and those on short time.

Mr. Max Madden (Lab., Sowerby) claimed the figures would be lower if selective import controls had been introduced a long time ago.

Mr. Eric Heffer (Lab., Walton) warned that a further 100,000 unemployed construction workers and called for a reduction in the public spending cuts affecting the industry.

From the Opposition front bench, Mr. Barney Hayhoe said the Government should develop a labour policy which took into account that the country would have to live with unemployment near the one million mark for years to come.

He said Mr. Booth was clearly floundering in finding an answer to the demand from the Labour Party NEC that a million new jobs should be created.

Mr. Booth replied that he would not accept that the Government could base any of its strategies or policies on the proposition that the country could live with one million unemployed for years to come.

Government policies for the support of manufacturing industry were beginning to bear fruit, he said.

By Stuart Alexander

SUBSTANTIAL SUCCESS was claimed for the red triangle price check scheme by Mr. Roy Hattersley, Secretary for Prices and Consumer Protection, in reply to a Commons question yesterday.

The scheme, which aimed to keep price increases on a selected range of goods within 5 per cent. over a six-month period, ended on August 15.

A survey shows that on a weighted average basis, the prices of all the scheme items increased by 2.8 per cent. during the six months, well within the target, said Mr. Hattersley.

The scheme covered roughly 20 per cent. of consumer expenditure, including 30 per cent. of expenditure on food and about 30 per cent. of spending on the products of the nationalised industries.

Prices covered by the scheme, carried out by the Prices Commission, covered 1,400 retail outlets and the collection of about 22,000 prices. Of the 47 groups of items involved, seven fell in price, 13 remained stable within 5 per cent., 13 rose in price by less than 2 per cent. and 16 rose by more than 2 per cent.

Highest rise was the price of bread, which went up 11.1 per cent. during the six-month period.

Petrol was not included in the price check, although producers undertook to hold the wholesale prices within 5 per cent. Car batteries were removed from the scheme following a substantial increase in the price of imported lead.

## Hint of new rabies law proposals

A HINT was given by the Prime Minister yesterday that new rabies law proposals may be announced in the Queen's Speech opening the new session of Parliament, scheduled for November 17.

Mr. Callaghan was pressed in the Commons by Mr. Robert Adley (C. Christchurch and Lynton) to give magistrates power to send offenders to prison.

Mr. Adley said magistrates dealt with an overwhelming majority of cases reaching court. Mr. Callaghan said the Home Office had just completed a review of penalties in such cases and a consultation paper had been issued.

He told Mr. Adley: "You would not expect me to anticipate the Queen's Speech, but that matter will now come under the consideration of the Government in due course." The suggestion about prison sentences could be taken into account in any conclusion that was finally reached.

## Peer warns on Concorde jobs

UP TO 10,000 jobs in the U.K. and the EEC will be jeopardised if the second stage of the Concorde project does not go ahead, the Earl of Kimberley warned in the Lords yesterday.

Lord Oram, for the Government, told him there was to be a Ministerial meeting on November 2 to discuss the project. A communiqué would be issued afterwards.

Lord Kimberley said that in the public expenditure White Paper for 1979-1980 a budget of £78.4m. was allocated for research and development. "If it is not going to be spent on the new Concorde, what is it going to be spent on?"

Lord Oram said he would have to be given notice of such a question.

A wrecking amendment, Melchett claims

## Opposition peers strike at aircraft takeover

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

LORD CARRINGTON  
Attacked size of Government vote.

GOVERNMENT provisions for taking the aircraft industry into State ownership were baulked by Opposition peers when the Bill to nationalise both the aircraft and the shipbuilding industries suffered further major surgery during an all-night sitting of the Lords which lasted until breakfast time yesterday.

This new setback for the Government occurred when it was defeated by an Opposition majority of 28 (60-32) and a Tory amendment was inserted in the Bill to postpone the date for nationalising the aircraft industry until after the next General Election.

Lord Melchett, for the Government, contended that the change made in the Bill was a wrecking amendment. He discouraged any idea that the Government would acquiesce in the change when the Bill returns to the Commons for the approval—or otherwise—of the amendments to it made in the Lords.

This particular amendment, said Lord Melchett, was one which the Government opposed for constitutional and industrial reasons.

The great majority of people in the aircraft industry at all levels, including management, believed that a decision on nationalisation must now be reached, once and for all, and put into immediate effect.

The amendment would cause confusion because it would not stop the industry being nationalised through the setting up of the British Aerospace Corporation under the Bill, but it would postpone its implementation until some time in the future.

Lord Carr, from the Opposition front bench, stood firmly by the Tory objections to nationalisation. Experience showed, he said, that whenever such an operation took place, there was an initial setback, which he could not now afford.

In our present economic crisis, public expenditure should be kept to an absolute minimum. There was no compelling reason to nationalise this highly successful industry.

From the Opposition front bench, Mr. Barney Hayhoe said the Government should develop a labour policy which took into account that the country would have to live with unemployment near the one million mark for years to come.

He said Mr. Booth was clearly floundering in finding an answer to the demand from the Labour Party NEC that a million new jobs should be created.

Mr. Booth replied that he would not accept that the Government could base any of its strategies or policies on the proposition that the country could live with one million unemployed for years to come.

Government policies for the support of manufacturing industry were beginning to bear fruit, he said.

enormous confidence to overseas investors in this country, said the Earl of Kimberley from the Liberal benches. And his party backed the Tories in the division lobbies when they pressed their amendment successfully to a vote.

Lord Carrington, leader of the Tory peers, raised a further threat of disruption to the committee stage proceedings on the Bill by pointing out after one division, that the Government had not mustered a full quorum.

He said it was the obligation of the Government to see that their business went through. If the Government could not rally 30 of its own members to support its own legislation—which the Tories strongly disapproved of—there was no reason, Lord Carrington maintained, why the Opposition should sit and listen to Ministers.

Barness, Llewellyn-Davies, replying for the Government, maintained that it was the Opposition that was doing the talking and the Government side was listening.

The exchanges occurred after the Tory peers had defeated the Government by 87 votes to 23 to curb drastically the powers of the Industry Secretary to direct or influence the operations of the proposed air and shipbuilding corporations under nationalisation.

Liberals supported this view. If nationalisation of the industry did not take place, it would give

## Lords action protest

The Prime Minister, Mr. James Callaghan, faced demands in the Commons yesterday to act on the "smashing" of Government legislation by the House of Lords.

Mr. Ron Thomas (Lab., Bristol N.W.) asked him to deal with the situation where non-elected people are doing their best to smash legislation which has been passed by this Chamber.

Mr. Callaghan replied: "I have noticed that a demonstration of national unity is taking place."

"I have no doubt they will continue, with their self-appointed task, of mutilating Bills which have passed through the House of Commons. No doubt the House of Commons will want to consider this matter."

## Dock Bill struggle resumed

THE GOVERNMENT last night fought to save what is left of the Dock Work Regulation Bill—already gutted by Opposition peers in the Lords.

With the Bill's main provision for the introduction of a five mile coastal corridor for registered dock work scrapped in favour of a half mile corridor, Tory peers turned their attention to the issue of an appeals procedure.

The attack began with a move to introduce such procedure for disputes about the classification of work as dock work.

The Earl of Gowrie, Tory employment spokesman, put forward a proposal which he said would provide circumstances in which an appeal could be made to decide whether or not particular work should be done by dockers.

He argued that the Bill made the likelihood of demarcation disputes more vivid because dockers were given the statutory right to claim the work of other groups of workers. There must be an appeals procedure, and what better than to use the Advisory, Conciliation and Arbitration Service?" he said.

His proposal gave the Employment Secretary power to refer unresolved disputes on the classification of work to the central arbitration committee of the ACAS.

For the Government, Lord Jacques said the Tory plan did not provide a procedure for appeals against classification generally, but only when the work was legally capable of being considered for classification.

The Government was not opposed to appeals, but in questions of the interpretation of the wording of statutes it was a matter for the courts. It was not the function of the ACAS, nor was it equipped to make the kind of decision required.

Lord Jacques came under fire from some Tory peers who recalled the bitter attacks made by Labour against the role of the courts in the former Tory Government's Industrial Relations Act.

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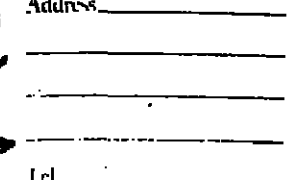
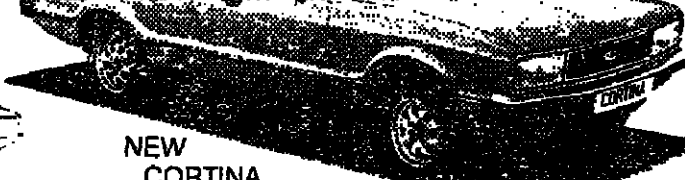
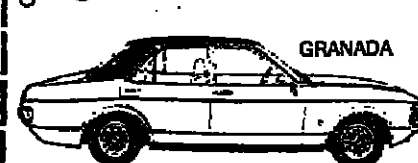
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## Poulson inquiries over—Attorney

Richard Evans, Lobby Editor

INQUIRIES into the case have now been concluded and there will be no prosecutions, Mr. Sam Attorney-General, told the Commons yesterday.

It is understood that the case of three MPs, led by Mr. Poulson, referred to the Committee of Privileges for investigation.

As been alleged that the MPs might have escaped possibility of prosecution of a loophole in the law effectively prevents

ers of Parliament from charged with taking bribes.

Royal Commission on orders in public life recently recommended that an examination should be made of the

ity of MPs from certain MPs and Mr. Michael Foot, of the Commons, is expected to make a statement when he returns from his illness and to his senior colleagues.

Silkin said in a written statement that the Poulson investigation had been completely successful with possible offences, had exceeded in detail and time any probable operation.

ough the investigation, 18 had been brought to trial, had been convicted and no one had been offered a non-prosecution.

one participating in this investigation have now reached conclusion... that there are not sufficient grounds to further prosecutions or to make inquiry into the possibility of obtaining further evidence of criminal offences, Silkin stated.

## A hopes for better results

Michael Donne, Space Correspondent

SH AIRWAYS has been set at an average return on costs of 11 per cent. over its financial years 1975-76 to 78.

It was announced in an answer yesterday by Mr. J. Clinton Davis, Under Secretary for Trade.

be first of those four years, end of March, BA earned a profit of £10.1m., which, after tax and provision for the

mal sterling cost of repayments, resulted in a profit of £18.3m. The airline is to dividend on its public capital of £280m.

airline has high hopes of any on that result in the financial year. Already, the airline has a forecast of a 15m. while the Overseas

in, although not yet setting financial forecasts, to have had a good year, of its long-haul routes.

up fixed assets were given book value in the last sheet of £106.2m.

axwell fails bid for seat

ONAIR PUBLISHER Robert Maxwell has been told he will not be elected to the Commons by the Labour Party.

Mr. Maxwell, 54, was told by the Labour Party secretary that he would not be elected to the Commons by the Labour Party.

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## Clash over Press charter progress

BY DONALD MACLEAN

UNTIL THE power of the "Press barons" was curbed, there would never be a free Press in this country, Mr. Ron Thomas (Lab., Bristol N.W.) claimed in the Commons yesterday.

The National Union of Journalists trade just as much right to the union membership agreement as any other group of workers, he argued.

Mr. John Grant, Employment Under-Secretary, who was answering questions about progress on a draft Press charter, hoped all those with influence in the newspaper industry would use it to get a satisfactory result.

Mr. James Prior, shadow Employment Secretary, declared: "This is a vital industry and, with Press freedom very much at stake, the Minister should use his influence to see that action is not taken by journalists to force a closed shop in an

industry which should not have it and does not want it."

Mr. Grant replied that the Government's position on the closed shop had been made very clear. "Our position is neutral," he said.

Mr. Jonathan Aitken (C. Thetford) said that the Government was being complacent. If an agreement was not reached, they would have to impose a charter on the industry.

All the signs and portents were that the parties were unable to reach agreement on a charter because the NUJ were insisting on a closed shop which would exclude the smaller journalists' trade union from the right to work, he added.

Mr. Grant told him he was being premature and unduly pessimistic. There was a considerable time to go, and the discussions were delicate and difficult. "That is all the more reason for us not to interfere,"

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## Prospect of sharp rise in bus and Tube fares

BY DONALD MACLEAN

FURTHER SHARP increases in London bus and Underground fares have been brought into prospect by a Government warning on the likely acceptability of the likely London Council spending on transport in the coming financial year.

Fares were last raised in June and July, when they went up by an average of 25 per cent. At this time, it was thought that no further increase would be required for a year unless exceptional circumstances arose.

The Council has now been told by Mr. William Rodgers, Secretary for Transport, that acceptable expenditure by the GLC on transport in 1977-78 is likely to be between £185m. and £190m., against the basic programme

suggested by the Council of £215m., and its preferred programme of £235m.

A fight to maintain the GLC's original spending plans was set in train, however, yesterday, at a meeting of the GLC transport committee, when it was agreed to ask the Leader of the Council, Sir Reg Goodwin, to continue negotiations in support of them.

The committee argues that the proposed cuts would bring an inefficient use of public transport resources; that no increase in public spending results from finding a proportion of public transport revenue through rates or taxes; rather than fares; and that the cuts would damage personal mobility and economic life in London.

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## FINANCIAL TIMES SURVEY

Wednesday October 20 1976

هكزان الشهر

## ZULIA

Zulia, the State of Venezuela which includes Maracaibo and its very productive oilfields, is one of the world's major exporters of fuel. The State is now using its wealth to diversify its economy with big new steel and coal projects.

Putting  
wealth  
to  
work

gh O'Shaughnessy  
America Correspondent

RE ARE a number of in Latin America where visitor gets the physical view that the whole place is growing by the minute in his eyes. In Brazil, São Paulo, in its prime was the best place of this; Belo Horizonte is today. In Bolivia the oil discoveries have made Cruz de la Sierra a boom town while even in tortured Peru the feeling of growth can be felt in the frontier towns of the country.

Maracaibo, the capital of the Zulia, the principal oil producing region of Venezuela, is now in a period of growth and must put it into the same of city. The weight of

new investment beginning to come into the city is such that in a year or two's time those former residents who come back after a period of absence will find themselves totally lost in what will be a new city.

For centuries after it was founded by the Spaniards, Maracaibo made a steady if perhaps not spectacular living as a port, trading in the agricultural produce of its hinterland and leading an existence fairly isolated from the rest of Venezuela. Sited in the extreme west of the country on the far shore of Lake Maracaibo the city remained aloof from Caracas and the activity of the Venezuelan heartland.

That is not to say it was backward. Its main bank, the Banco de Maracaibo—founded before any other in the country—is still going strong, and the city had an electric power supply before ever the capital did. The shipping lines piled direct from its port to London and New York; scarcely bothering to take any notice of La Guaira, the port of Caracas. In this atmosphere of quiet prosperity the family dynasties which still play such a large part in the life of the city and the State were created and their fortunes founded.

The city and State entered their first period of boom and began to make their real mark in the world in the 1920s, when oil was found in and around the lake in colossal quantities and the international oil companies

—first Shell, then most of the U.S. majors—established their presence in Zulia. The early years were the best as the oil-increasing revenues that the men of Europe and the U.S. central government in Caracas jockeyed for a share of the new riches but with hindsight it can be said that neither Zulia nor Maracaibo made any extraordinary amount of money out of oil during the time the foreign companies were working their concessions.

The oil fetched ridiculously low prices by modern standards and the companies themselves, the only ones able to refine and market the crude, naturally took the lion's share of the rewards. It was not, for instance, until a decade or so ago that money was forthcoming for the erection of a bridge across the narrow mouth of Lake Maracaibo and the city's isolation from the rest of the country relieved.

The latter decade of the oil companies' reign in Zulia was not always a prosperous one. With both major political parties in Caracas committed to a policy of giving no more concessions to the companies and allowing the existing concessions to expire naturally, foreign investment gradually dried up.

## Ranchers

To a certain extent the economic centre of gravity during the 1960s moved out into the countryside, where ranchers began the development of meat form it from dependence on oil

and ranching into a region of heavy industry. The equivalent of billions of pounds will be spent in the next few years on the coal mines and blast furnaces, and the infrastructure needed to maintain them—and Zulia is looking forward to the new influx of money.

To-day representatives of all the banks in Venezuela and many of the major companies are taking a new look at Maracaibo to decide how they best can participate in the new era of growth. Many of them are putting up new buildings. In a city where tall buildings were the exception, big office blocks are being constructed and the first multi-storey apartment blocks are to be seen. The gaily painted single-storey houses with their big windows and iron grilles are being torn down in favour of something more modern.

In his eleventh storey office in the Banco Industrial building on 5 de Julio, the main business thoroughfare a mile from the lake, Fergus Walshe, executive director of the Grupo Zuliano, remarks sadly that he will not be able to enjoy the view of the water for very much longer. Meanwhile his company is moving into the cement business.

On the outskirts of the city, beyond the second ring road, Carlos Pardi plans how to triple the size of the industrial estate. As the new investment starts coming in, the battle lines are being drawn by different interest groups of the region.

Both the steel plant and the coal mines will be financed by the public sector, increasing the degree of control it will have over the region's basic industries.

But Zulia has not resigned itself to seeing this control passing to some distant Ministry or State corporation in Caracas. The Corporación de Desarrollo de la Región Zuliana (Corpo-zulia), a regional planning and development authority has succeeded in getting control of the coal project and will doubtless have a say in the strategies to be adopted by the steel plant.

But there are many people in Maracaibo who are unhappy with State enterprise, whether locally or centrally controlled. They point, with a good deal of justification, to the other side of the lake, where El Tablazo, a Government-promoted petrochemical works, pours forth its plume of oily smoke day and night.

## Billions

El Tablazo has for several years been a monument to the incompetence of some public sector managers and the unscrupulousness of some private sector suppliers, Venezuelan and foreign. The plant has soaked up billions of dollars of public money and is only now beginning to move towards the levels of output which it should have achieved soon after the beginning of the decade.

So while the private sector has to accept that basic indus-

tries—oil, coal and steel—are going to be a public sector preserve and that foreign-owned utilities like the electricity company (still Canadian-owned) must sooner or later pass into the hands of the Government, the private sector is pressing hard to get as many of the secondary industries as it can into its own hands, either as sole entrepreneur or in conjunction with the State in mixed enterprises.

Meanwhile, within the private sector the Zulians are making every effort to maintain their financial position in the face of competition from the economic giants of Caracas.

On the sidelines of these financial and political tussles stands the workforce. It consists of a very mixed group of people. The oilfields produced Venezuela's best trained and most responsible group of workers who, as the industry developed in the 1930s, knew how to organise themselves in unions which would guarantee them job security and the highest wages of any manual workers in the country.

From these unions sprang much of the political organisation of Venezuela and its two main parties. But these men have always been an industrial elite whose skills are not shared by many other groups of workers in Venezuela.

The quality of the rest of the workforce is nowhere near as high as that of the oilfield workers and its lack of skill is a constant worry to a Government

which knows that this is a brake on the development of Venezuela. A very large section of the non-skilled workers are illegal immigrants from over the State border in Colombia. The movement of workers from Colombia has been, numerically speaking, one of the largest movements of population there has ever been, embracing millions of men and women who have arrived on Venezuelan soil anxious for the hard currency that even a menial job in Venezuela brings. Most often lacking papers, these refugees from the Colombian countryside are difficult to organise and train.

Last come the original inhabitants of the area, the Guajiros, survivors of a nomadic, pastoral, matriarchal society whose lands straddle the Venezuelan-Colombian border. One of the most agreeable sights in Maracaibo is to see the Guajiro women, invariably wearing long black or brightly coloured dresses reaching to the floor—their best protection against Zulia's scorching sun, going silently about their business in the city's streets. Save that they do not wear veils they could be taken for visitors from the Sahara.

But, majestic though they are, the Guajiros are unable to provide much solution to the labour problem. And labour supply will be the biggest problem that Zulia will have to overcome if it is going to make the best of the opportunity it has within its reach.

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## ZULIA II

# State oil takeover goes smoothly

A YEAR ago no one was quite sure what would happen. A democratic Government in Venezuela was preparing to nationalise its chief source of income, the largest and most sophisticated petroleum industry in Latin America.

The industry was already under heavy Government control, but it nonetheless constituted one of the biggest chunks of foreign capital in this part of the world and was still being run by very important men who viewed Caracas from a very great distance. Nobody doubted that the oil companies already counted on cadres of Venezuelan executives well versed in the complexities of petroleum, who could make the industry work. Nor did anyone doubt that the Venezuelan Government had tempered its nationalistic fervour with a clear and responsible sense of how things must be done.

Despite all this, doubts still lingered in the minds of foreigners and Venezuelans alike. A great deal was at stake—the lifeblood of a nation. Venezuelans had never attempted anything of this magnitude before. And the scent of failure and frustration hung heavily over the past experience of Venezuela's Latin neighbours.

## Difficult

Venezuela's nationalised petroleum industry has so far proved itself to be anything but a failure. After passing through a difficult stage earlier this year when demand for Venezuelan oil was weak, the industry has recovered to the point where production, exports, and revenues are precisely what the Government was hoping for. As in any complex business enterprise, there are still a number of kinks to be smoothed out. But it should be stressed that the transition was a success. Management of the industry is now in the hands of highly competent Venezuelans, and assistance in technology and marketing is being purchased from the foreign firms that previously ran the industry.

In Cúcuta, a city on the eastern shore of Lake Maracaibo, where some 80 per cent of the country's petroleum is extracted, the daily industry routine is unchanged. Powerful motorboats carry rig workers and engineers to work sites among the 10,000 wells that dot the giant lake, and drilling rigs probe the earth below for new deposits. Pumps throb incessantly on the lake and throughout much of Zulia, drawing black crude oil from one of the world's most productive deposits and sending it through a system of pipelines to storage tanks or refineries.

The only noticeable differences in Cúcuta are the new names: Crenle Petroleum, the former Exxon affiliate, is now Lagoven; Shell de Venezuela has become Maraven, and the parent company for both of these firms is now Petróleos de Venezuela—Petroven, a State-owned holding company headed by General Rafael Alfonzo Ravard.

Since nationalisation became

a fact last January, there have been no strikes, no irregularities; the much-feared exodus of critical industry talent never materialised. As Sr. Claudio Tarbes, director of public relations for Lagoven's Western Division commented: "Everything is normal. We haven't made any changes and we don't want to make changes until we have the qualified personnel."

The manager of Lagoven's Western Division is an American "on loan from Exxon," Sr. Tarbes noted. The Government pays Exxon for his services and will not replace him "until we have someone right for the job."

## Filled

Although the majority of management, administrative and engineering posts in the industry were already filled by Venezuelans well before January 1, a few foreigners remained with the nationalised firms under contracts signed by the Government and international oil companies like Exxon, Royal Dutch Shell, Gulf and Mobil. Before nationalisation, less than 3 per cent of the industry's 23,000 employees were non-Venezuelans, and the most visible foreign presence was in the highest management jobs.

Now, though, all top management positions are occupied by Venezuelans. Some foreigners do remain in the ranks of management or advise on critical matters, but these people work in highly specialised areas. Petroven maintains that foreign assistance is necessary in some sectors until nationals are indeed fully prepared to assume the responsibilities, and thus eschews what could be a "cosmetic" nationalisation process.

Conversations with labourers, engineers and executives at Maraven and Lagoven—the country's two largest oil companies—generally reflected satisfaction with progress over the first months of activity, under Government control, and optimism for the future. The most representative comments were given without hesitation:

"Nothing has really changed—it's the same operation with a new name."

One oil executive in Zulia, however, pointed out that his company had begun to receive "recommendations" for prospective employees from regional political leaders and some high officials soon after nationalisation was carried out. The firm's policy so far has been to ignore any such political references—a new phenomenon for the company—and to apply normal criteria in evaluating job applicants, he said.

He warned, though, that this could signal the beginning of a process of political erosion which, over the years, would convert the oil companies into another option for political patronage and would necessarily lead to diminished efficiency. "Sooner or later, political influence is going to get here," he added.

In contrast to this warning, both the President of Venezuela and the chief executive officer

of Petroven have stated unequivocally that they will not permit the State-run petroleum industry to become politicised. In spite of their intentions, the early traces of political interference have already begun to appear and it will remain to be seen how industry leaders deal with progressively stronger pressures.

The oil camps of Zulia hold the distinction of being the most important crude producers in the nation, and the bulk of industry workers are concentrated in this western State. At Lagoven, for example, Venezuela's largest single oil producer, 4,800 employees work in the Western Division out of a company total of 7,400. Several hundred families live in comfortable homes built by the oil company in the Lagunillas camp south of Cúcuta. The word "camp" should not give the impression that dwellings are temporary or crude, since the workers' residences on the eastern side of Lake Maracaibo compare most favourably to well-groomed suburbs that might be found in Southern California or Texas.

When foreign oil companies began their search for "black gold" over 50 years ago, the region was inhospitable and devoid of urban conveniences. Everything from roads to electricity to food and water had to be supplied by the oil companies.

## Supplied

The oil companies still bring in many items to keep inhabitants of the oil camps well supplied. The commissary at Lagoven sells a variety of basic foodstuffs to workers at 1948 prices, and last year registered a loss of over \$5m. Petroleum workers are the best treated in Venezuela, and in Lagunillas—as in other camps—receive housing, water, gas, electricity and sanitation services at bargain prices. (Rent for a house in the labourers' district runs around \$116 per month, and the bill for municipal services is less than \$3 monthly.) Workers and their families obtain free medical attention and education in schools and infirmaries built by Lagoven's predecessor, Creole.

Despite these advantages—and a wage scale that outranks all other national workers—petroleum company labourers tend to spend more than they can afford. In Zulia alone, the salaries of 75 per cent of day workers are garnished. But one advantage accruing to the company's policies is labour peace: in the past two decades, Lagoven has only suffered one strike, and that lasted 21 days.

Zulia's importance in national crude production can be seen from the fact that the region has reached a total output of some 26bn. barrels since commercial exploitation began five decades ago. Total production for Venezuela between 1917 and the end of 1975 was about 32bn. barrels.

The first commercial well in Venezuela—called Zumaque

No. 1—was drilled in Zulia in 1914 by the Caribbean Petroleum Company, predecessor to Shell de Venezuela. Zumaque No. 1, located near the village of Mene Grande on the west side of Lake Maracaibo, was the site of the oil industry nationalisation ceremonies staged last January. With cannons booming and Venezuelan Air Force jets flying in formation overhead, President Perez hoisted the Venezuelan tricolor over Zumaque No. 1 and formally proclaimed the take-over of foreign oil companies. During the course of the ceremony and afterwards, the oil well continued to pump crude oil as it has been doing for the past 62 years.

(Venezuela's oil industry nationalisation came about after months of negotiations, and the affected firms—whose net book value was assessed by the Government at more than \$5bn.—are now receiving indemnisation for slightly more than \$1bn. The companies, who were long aware that nationalisation was approaching, privately protested that the replacement value of their installations far exceeded the \$5bn. figure. Nevertheless,

Joseph A. Mann

the principal concerns accepted the terms of nationalisation and agreed to supply Venezuela with technological and marketing assistance after the take-over.)

The oil discovery that really drew worldwide attention to Zulia, however, was not Zumaque. In mid-December of 1922, a well called Barrocas No. 2 located in the hamlet of La Rosa blew out unexpectedly and spewed a 50-metre high plume of crude oil into the air. The well ran out of control for nearly two weeks and the violent outpouring of petroleum was halted only when the walls of the well collapsed and blocked any further leakage. Oilmen estimate that during the time Barrocas was out of control the well had released over 1m. barrels of crude oil, dwarfing the total national production of that period, which stood at 8,000 barrels per day. Soon after the news of Barrocas reached Europe and the United States, representatives of more than 70 foreign companies came to Venezuela and initiated the era of massive commercial development.

Joseph A. Mann

# Petrochemicals delay

THE EL TABLAZO petrochemical complex on Lake Maracaibo—a maze of pipes, towers, chimneys and plants—stands as an impressive symbol of Venezuela's huge potential for refining and selling a wide range of petrochemical products.

But the giant plant, dominated by government-owned installations, has been plagued by countless delays, shutdowns and deficiencies, and has frequently been the focal point of ugly political controversies.

Furthermore, El Tablazo's state-owned facilities have absorbed hundreds of millions of dollars in public investments and have yet to show any significant return.

The complex at El Tablazo, begun in 1968 and now close to the completion of its first production stage, is an installation bringing together both government and private capital projects which will eventually carry a price tag of over \$1,000m. The principal units at El Tablazo include an olefin plant (designed to turn out 150,000 metric tonnes of ethylene and 95,000 metric tonnes of propylene per year); a massive installation for ammonia production and urea (Nitroven); a factory for chlorine and caustic soda; a for El Tablazo—has been unable successfully to go onstream for extended periods. The plant was originally scheduled to start in 1973-74, but the highly-complicated installation has still water, electricity, distribution been plagued by delays.

of products, storage, waste treatment, cargo handling and port facilities. (Aside from the mixed companies and Nitroven—which is 90 per cent controlled by the Venezuelan government—all other units are the property of the official sector.)

The development of El Tablazo up to this point has been similar to the birth of a sickly child who is almost immediately carried from the maternity ward to an intensive care unit. Although the complex is not in critical condition, it still requires constant transfusions.

In order for a petrochemical facility to operate efficiently, or at all—a great many factors must be made to coincide. El Tablazo's earliest problems stemmed from an inability to obtain regular supplies of basic items like natural gas, water and electricity. The government agencies responsible for providing these services were deficient, and a great deal of time was wasted in trying to establish a basic service network.

Once these fundamentals were more or less under control, other headaches began to occur with appalling regularity. The olefin plant—a key unit within the overall production scheme—has been unable to go onstream for extended periods. The plant was originally scheduled to start in 1973-74, but the highly-complicated installation has still

While government engineers and foreign consultants attempted to bring the olefin factory to full operation, a scandal erupted over thousands of metres of pipeline in the plant which were allegedly short of specification. Government critics raised a ruckus in the Venezuelan press, and the country has very few experts in petrochemicals to choose from.

The man chosen by President Carlos Andrés Pérez to rectify the country's chaotic petrochemical industry—Industriale, El Tablazo—was General Valentín Montaña Madriz. General Montaña, an intelligent and hard-working executive, was named Director General of the state-owned petrochemical company, the Instituto Venezolano de Petroquímica (IVP).

## Replaced

The government investigated the matter, the faulty equipment was replaced and the parties involved tried to forget about the question as quickly as possible. But while this embargo progressed, one of El Tablazo's most important plants remained totally out of service.

Regardless of where the blame lays for the pipeline predicament, though, sources inside and outside the Government state that the responsibility for the mistakes at El Tablazo must be shared in varying proportions by official incompetence, carelessness on the part of foreign suppliers and bad luck, with the latter playing a small but recurring role.

To further complicate the problem, the Government found itself in a quandary that it was quite a visitor the highly sophisticated analytical equipment by Venezuelans operated exclusively by Venezuelans personnel, and lame the fact that the sincere of El Tablazo employees utterly ignored in the avalanche of unfavourable publicity fall regularly on the plant.

Sr. Perez, however, pointed out that the Government petrochemical company not suffers from a lack of pressure but could not pay the salaries needed to secure managers who would stay Government jobs. A young man fresh out of university can work with the IVP for a year, gain considerable experience and then join a private concern at more than do his Government wages.

Perez, who spent many years working with Shell and Esso before joining the IVP, admitted that he must supplement IVP income from personal savings.

Despite these problems, progress is being made, but no one can say for sure when the major installations—the olefin plant and Nitroven—will be uninterrupted, efficient operations.

The IVP has commissioned two consulting companies (the U.S. to rectify the situation at El Tablazo and to provide recommendations on the restructuring of the institution that it can become a flexible responsive organisation.

## Reforms

Although Venezuela's President has expressed his pleasure over the stagnation of the country's petrochemical industry and has pledged to state reforms, decisions on the highest policy-making level on the shape and timing of change have been slow in coming.

One quite favourable environmental survey. The importance of the Region in its large population (some 10 million) and its 63,000 square kilometres of land. The State of Zulia is outstanding in its people's working capacity and one of the biggest industries.

Although Venezuelan investors are ready to make commitments in the petrochemical field, new projects are immediately forthcoming. Most any plans for new installations at El Tablazo are directed upon the Government's ability to make the complex work regularly and efficiently, since private sector plants are designed to use products turned out by the Government's basic processing facilities.

A trip through the El Tablazo complex serves to give a much more favourable impression than that conveyed by the national press. Workers go about their duties efficiently, and enthusiasm is apparent throughout the installation, especially among the many young Venezuelan engineers on the job there.

Employees at the complex are proud of their work and feel that politicians and newspapers have preyed on El Tablazo's admitted weaknesses without attempting to identify real problems and find solutions. A Venezuelan engineer who directs the Zulia complex's chemical laboratory

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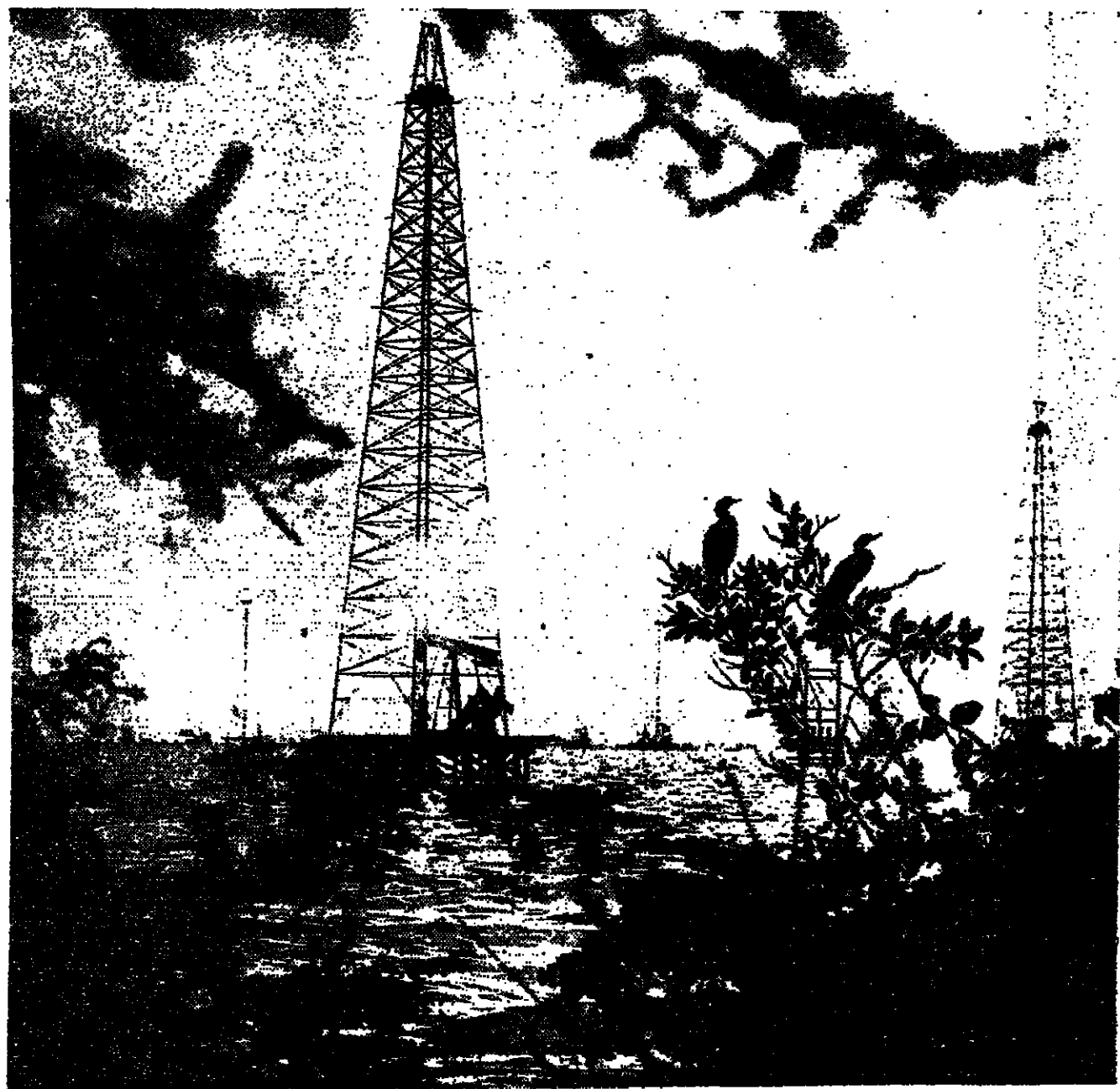
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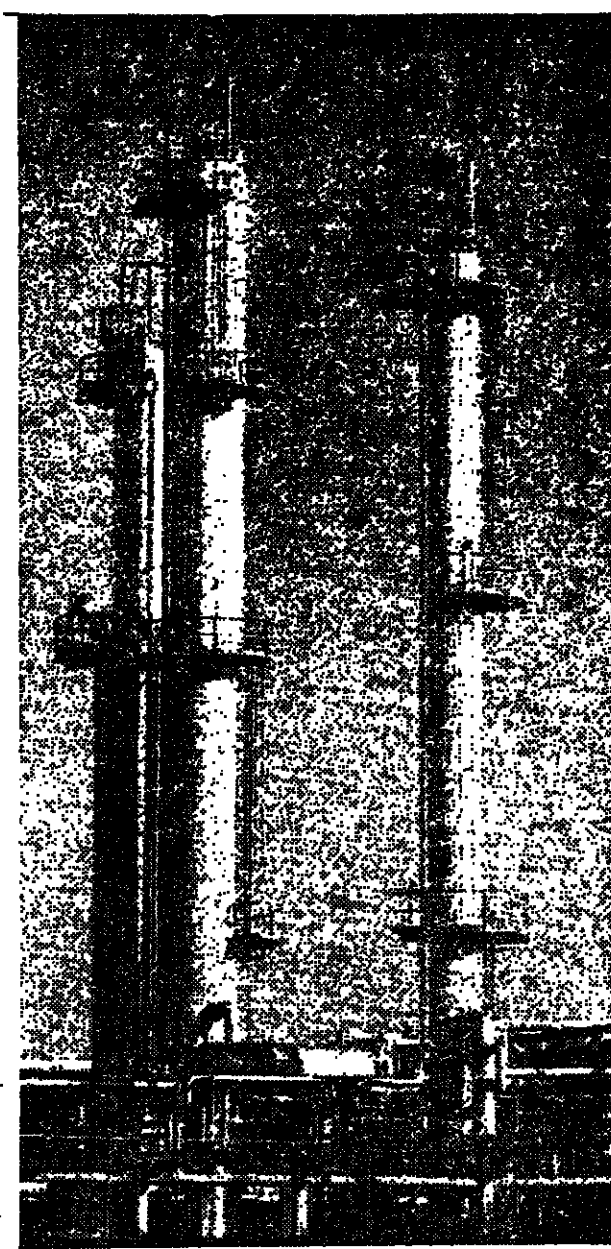
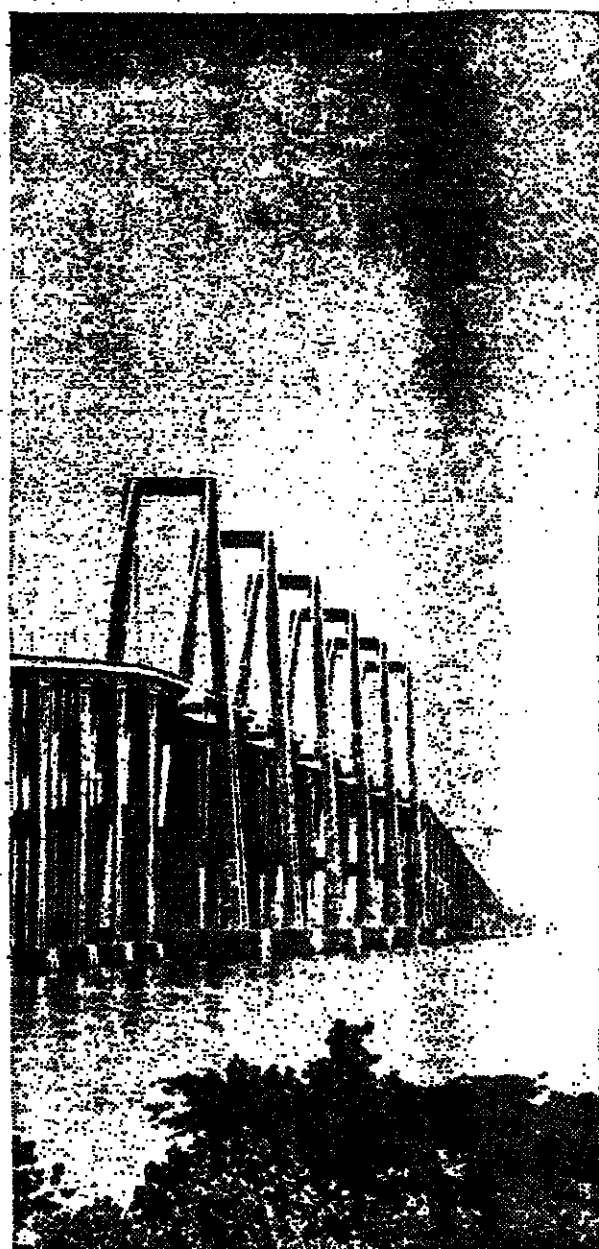
Maraven S.A., a subsidiary of  
Petróleos de Venezuela

مركز البترول

J.A.



هكنا من الأمل



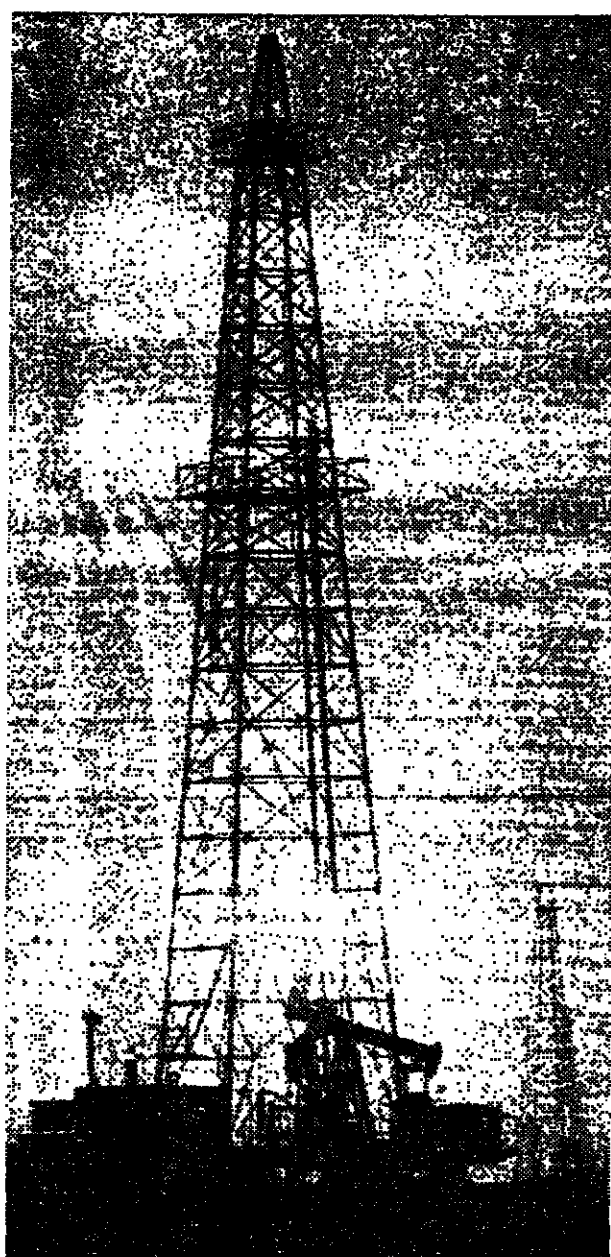
## the state of zulia - a promise for mankind

As a result of its great oil resources, the State of Zulia occupies an outstanding position in the economic world. In Venezuela it is the most important oil producing region, in one of the wealthiest geographic zones in the world (considering wealth as an integration of environmental material and human resources), potentially able to offer optimum living conditions.

This rich area of our planet, the State of Zulia, is the subject of the latest Financial Times special survey.

The importance of the Region of Zulia is due not only to the petroleum industry but also to its large population (second in Venezuela only to Caracas, metropolitan area); its booming agriculture and cattle raising added to the potential of various features to be found in its 63,000 square kilometres (13,000 of which represent the surface of Lake Maracaibo); its tourist and recreational potential and its environmental diversity and cultural activities.

The State of Zulia is outstanding because of its economic and social development, its drive, its people's working capacity and willpower, and also the location in the State of Zulia of two of the biggest industrial projects in Latin America: the steel and coal programmes.



These are in their first stages of development and are being conducted under the direct sponsorship of CORPOZULIA, the Corporación de Desarrollo de la Región Zuliana. CORPOZULIA is an autonomous institution founded by the Government of Venezuela to promote the economic and social progress of the State of Zulia, generating an integrated, harmonious, and participatory development intended to benefit the social strata in every part of the State.

The investment for the two programmes has been estimated at BS.45 billion (U.S.\$10 billion) generating a projected 20,000 new employment opportunities within the next 15 years. The forecast is for an expected production of 5 million tons of steel, and 6 million tons of coal annually. (Zulia's coal reserves are calculated at over 1.5 billion tons).

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## ZULIA IV

# Ambitious steel plans

SINCE PETRODOLLARS began flooding Venezuela's Treasury in 1974, the Administration of President Carlos Andres Perez has elaborated a spate of projects aimed at transforming this South American oil-producer into a modern, balanced economy.

But no project yet envisioned can match the boldness—or the costliness—of the Zulia Steel Development now taking shape in western Venezuela. The new Zulia steelworks, to be located near the shore of Lake Maracaibo, is to cost an estimated \$9.63bn. at current prices and will be erected during the period between 1979-81. When complete, the massive complex will be capable of producing 5m. tonnes of steel and products per year, all of which is expected to be absorbed by domestic markets.

The Zulia complex forms a fundamental part of the new industrial economy that the Government is attempting to forge. Although State planners are clearly aware that petroleum will continue to be Venezuela's most important industry for many years to come, they are equally aware of the country's urgent need to construct a firm industrial base that will create jobs, satisfy domestic requirements and ultimately diminish the Government's lopsided dependence on oil receipts.

Early in his administration President Perez asserted that Venezuelan steel production would be raised to 15m. tonnes per year by the end of the next decade. The first stage in this programme is being carried out by the State-owned steel manufacturer, Siderurgica del Orinoco (Sidor). Under Sidor's major expansion scheme—called Plan IV—the company will

quadruple steel production from the present level of 1.25m. tonnes annually to 5m. tonnes by 1979. Plan IV—now well under way—will carry a final price tag of some \$3.49bn. and will generate direct employment for 10,000 workers in Venezuela's mineral-rich Guayana region southeast of Caracas.

## Second

Government studies indicated that the second phase of its steel development programme should be carried out in Zulia, over 1,300 km away from Guayana is the oil and cattle producing region of western Venezuela. Zulia was chosen for a variety of reasons, including the desire to establish a new centre for basic industry in the west, where petroleum has ceased to be a dynamic source of new employment. Furthermore, Zulia offered easy access to the Caribbean by means of Lake Maracaibo, adequate supplies of water, fuel and electric power, and an appropriate tract of land near an urban centre—Maracaibo—which in turn can provide manpower and commercial services. Most important, however, is the proximity of an estimated 1.5bn. tonnes of coal in the Zulia Coal Basin. The Government opted for the use of blast furnaces and oxygen converters in Zulia, where the massive deposits of coal can be employed both as a source of energy and of coke, an essential element in the steelmaking process.

The mandate for planning and carrying out the steel and coal programmes was given to Corporuzulia, a regional development agency responsible for promoting and financing a variety of projects in general

agriculture, agro-industry, tourism and commercial fishing. With technological assistance from Atkins Planning of the U.K., Corporuzulia is now conducting feasibility studies and is beginning to elaborate specifications for the giant steel complex. Corporuzulia officials said that they expect contract decisions on the project to be made in 1978, with actual construction commencing in 1979. The first stage of the Zulia steel mill, according to present calculations, should be completed in 1982, with output at 1m. tonnes annually and a workforce of 5,500 people. At project's end in 1990, the Zulia complex will reach the 5m. tonnes per year mark, providing direct employment for 16,000 and indirect jobs for 48,000 other Venezuelans in intermediate industries and commerce.

The giant complex, to be built about 25 km south of the Zulia State capital, Maracaibo, will include three slitter plants, a facility for coke production which will employ local and imported coal; three blast furnaces for the production of cast iron; oxygen furnaces capable of turning out 5m. tonnes of liquid steel; continuous casting units and laminators for producing a range of steel products; auxiliary plants (oxygen, lime, steam, direct reduction); port facilities; administrative buildings; and an internal road system. In addition, external support services for the Zulia mill will include the following projects:

• A thermoelectric generating plant using coal from the Zulia Basin to supply power for the steel complex and the surrounding area.

• Housing for 16,000 persons directly employed in the manufacturing plant.

• Fourteen primary and 14 secondary schools for the families of steelworkers, plus specialised training centres in metallurgy, mining and industrial and electrical engineering.

• A hospital with a capacity of 324 beds.

• Plants and lines for supply of water and natural gas.

• Commercial centres serving workers who live near the complex, new highways linking the plant to Maracaibo and other cities, a railway line for carrying limestone and coal to the plant and the construction of a new port requiring the dragging of 11.7m. cubic metres.

At the same time, Corporuzulia is planning the means for locating and training more than 16,000 people who will eventually find direct employment at the Zulia complex. Over the 12-year period during which the massive steel mill is to be built, Corporuzulia will need to find 580 professionals (mostly engineers); 1,400 technicians; 7,450 skilled workers; 2,250 non-skilled employees and 4,520 administrative employees. As has been shown in other new development projects in Venezuela, the ability to secure qualified personnel represents the country's greatest challenge. At the present, it is doubtful that national universities and technical training schools can provide the necessary manpower. But the Government is moving ahead with a plan to import skilled workers and professionals from abroad and is training thousands of Venezuelans in European and North American universities and technical centres.

## Inflation

Although Corporuzulia estimates that the complex itself will involve expenditure of \$4.98bn. at 1975 prices, the development agency is quick to point out that inflation over the 12-year planning and construction period is expected to drive total costs to around \$9.63bn., including expenses for studies and land acquisition.

The first stage of the Zulia steelmill, scheduled to go on stream in 1982, calls for investment of \$2.3bn. The Government plans to fund 40 per cent of this figure itself and will seek outside financing for the rest (\$1.38bn.). This initial stage will include laminators for steel reinforcing rods, wire and other products; a blast furnace, coke producing facility, oxygen converter furnace and continuous casting line. Second

stage outlays will be spread out through 1991, with the biggest expenditures programmed for 1983-85.

The Venezuelan Government only recently borrowed \$1bn. on the Eurodollar market in order to refinance part of its total debt, which reached \$3.37bn. at the close of July. Other industrial projects in aluminium, steel and hydroelectric power will oblige the Perez Administration to borrow approximately \$4.5bn. from foreign banks by 1980, while raising nearly \$1bn. from the domestic sale of Government paper and \$5bn. more in credits from the State-owned Venezuelan Investment Fund (VIF).

Engineers at Corporuzulia say that agency's steel project will be 'instrumental in supplying burgeoning domestic demand as the Venezuelan economy expands over the next 15 years. National requirements for steel in 1980 are estimated to be in the order of 4.5m. tonnes, rising to 6.6m. in 1985 and 9m. in 1990. Production from the State steel manufacturer, Sidor, and private concerns will reach 3.5m. tonnes per year in 1980, 4.7m. by 1985 and the same for 1990. Thus, until the Zulia steel plant comes into full operation after 1990, the country have to put up with a deficit. Production from State and private steelworks now stands at about 1.5m. tonnes per year, Corporuzulia officials added.

Although President Perez has asserted that Venezuela will one day become a steel exporter, that day must remain far in the cloudy future, since the nation's domestic steel demands are still largely unsatisfied. Most important, though, is the Perez Government's determination to establish a national steel industry which will be fed by the country's rich store of iron ore, coal, gas and hydroelectric power, and which in turn will supply essential products to Venezuela's light and medium industries and to the construction sector.

The Zulia project, still in its incipient stage, undoubtedly holds great promise not only for growth and vitality in Zulia State, but for the nation as an economic unit. With the successful completion of the Zulia steel complex, both Zulia and Venezuela will have shaken off some of their heavy dependence on petroleum and will have begun to fashion a balanced and flexible economic system.

J.A.M.

# Productive farm sector

IF NATURE had failed to rattle brought here by early supply problems Zulia cat men manage to keep product steady and are sanguine about the future. Milk output, for example, now stands at 2m. litres per day for the Zulia region, or 70 per cent of national production, and is the increase.

One of the Zulia cattlemen's biggest gripes—excluding weather—is the Government even though the present administration has assigned high priority to improve domestic agriculture and have spent several billion dollars on the sector by end of its five-year term 1979.

Breeding cattle are now being brought into Venezuela from Colombia and Costa Rica, and some 50,000 immigrant bovines were added to the country's 9m. head last year. Cows from Costa Rica arrive in the region's agricultural growth rates in terms of Gross Domestic Product almost consistently head those of Venezuela's other food producing areas. And although Zulia cattlemen and crop farmers have received a healthy portion of the more than \$500m. in agricultural credits authorised by the Government over the last 30 months, they note with pride that the impetus for the region's development and success has come primarily from the efforts of local private investors.

Cattle raising plays the most important role in Zulia's agriculture, one can say for sure how many millions of cattle are raised in the region. Cattle farmers have worked in Zulia since the last century, but only since the 1930s has their impact been felt on a national scale. The region's lush pastures carry 2.5m. head of cattle—nearly a third of the national total—and provide Venezuela's other types in order to identify 12.5m. people with most of their milk and a hefty share of their steaks and other beef products. Zulia farmers are major producers of maize and plantains, and are an important source of sugar cane, bananas, coconuts, coconuts, yuca, grapes and a raft of other fruits and vegetables. The region's agricultural growth rates in terms of Gross Domestic Product almost consistently head those of Venezuela's other food producing areas. And although Zulia cattlemen and crop farmers have received a healthy portion of the more than \$500m. in agricultural credits authorised by the Government over the last 30 months, they note with pride that the impetus for the region's development and success has come primarily from the efforts of local private investors.

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## Productive

The region's most productive ranches—located principally to the south-west of Lake Maracaibo—range from 500 hectares to 20,000 in the case of the largest haciendas. Zulia Apure did not bring major pastureland amounts to almost 2m. hectares, of which about 98 per cent is cultivated land. Cattlemen have experimented with a variety of crossbreeds in order to find the types best suited to the region, and to achieve the highest yields of milk and beef. Among the most successful breeds developed are the Mosiaco, Zuliano (Zuliano increases of over 300 per cent, Mosiaco), which combines zebu with either Holstein or Brown Swiss, and the Criollo Limonero, regularly supplied by a hybrid descended from the

Despite these climatic and world, Zulia cattlemen complain about the weather. Rainfall in the northern part of the State see little rain and are obliged to irrigate. Those in the south lake region suffer regular flooding and are still waiting for Government flood control projects to be completed. The recent series of floods that caused serious damage in Venezuela's other cattle state, Apure, did not bring major losses to Zulia cattlemen. But local ranchers, while any farmers in the region, more or less content with milk and beef prices, are hard pressed to obtain the decent animal feeds, fertilisers and agricultural machinery they require. Prices of these goods trouble-shooters for farmers. Fusagari professionals man an experimental station and are available for consultation and on-site visits in the corner of the State.

H.C.

# Coal schemes for the 1980s

AS IF it was not enough for the State of Zulia to be one of the world's major sources of oil, fate decreed that it should also have the potential to become one of the Western Hemisphere's biggest producers of coal.

The existence of big coal deposits at a spot about 70kms north-west of Maracaibo has been known for a century, since that is, a Venezuelan soldier and engineer, General Briceño-Méndez discovered the big outcrops in the jungle. It was not, however, until mid-1972 that the Ministry of Mines and Hydrocarbons in Caracas started a thorough, modern survey of the coalfield. The central government has since given Corporuzulia the State development authority, a concession to exploit the coal and plans are now going ahead rapidly to get the exploitation started.

The characteristics of the coal have been established. It is, it appears, a coal which contains a very small quantity of ash, between 4 and 6 per cent, and a very low quantity of sulphur, between 0.4 and 0.8 per cent. It has also a high percentage of volatile components, 39 to 40 per cent.

The high volatility of the coal does not, according to Eisenbau Essen, the West German concern which produced an analysis of samples, make it ideal for coking and if it is to be used in the steelworks planned for Zulia, the local coke will have to be mixed with up to 70 per cent of coke made from foreign coals.

The local product should, however, find a good outlet, perhaps up to the quantity of 1m. tons a year in the big new thermal power station, planned to be built in the vicinity of Maracaibo. Additionally local investors, including the Grupo Zuliano, are examining the possibilities of using the coal and its by-products as the basis for a chemical industry.

The deposits lie in a region crossed by the rivers Guasare and Socuy. Out of the total concession of 70,000 hectares granted by the central government to Corporuzulia, it has chosen to operate in 22,249 has. in which up to the end of April this year 29 test drillings had been made bringing out about 4,600 metres of core samples. Corporuzulia intends in the first instance to bring an open cast test mine into operation at a site called Paso Diablo. Over the three and a half years from the end of this year it is planned to produce 60,000 tons a year, an output which is equal to the total present Venezuelan production. This first stage is not expected to be a profitable operation but it will allow opportunities for solutions to be found to the major problems of working in the area and it will also serve to train the workforce for the later, more major developments.

The whole output is to be processed at a coking plant to be erected at the town of Carrasquero about 33 miles away from the mine. From 1969 onwards work is planned to start on the major Paso Diablo opencast mine

where in an area of 5,000 has. there are estimated to be 50m. tons of coal in four seams of which the thickest is no less than 12m. metres in depth. From this mine it is planned to produce 24m. tons a year and go down to a depth of 80 metres.

From 1982 onwards it is planned to start an underground mine capable of producing a further 2m. tons a year at a site near the Socuy river 25 km southeast of the Paso Diablo open cast mine where, it is calculated, there are 230m. tons of coal which should be better suited to coking. The deepest shaft will go down 500 metres.

The whole enterprise will need a very large effort to provide the sort of infrastructure which is at the moment totally absent. A thermal power station of 600 MW linked to the local grid is to be built. A railway will be needed capable of carrying the 4.5m. tons that the two main mines are to produce by the early 1980s and which will later be able to handle the 8m. or 10m. tons which should in the long term be coming from the area.

As production increases the population of the now scarcely inhabited region is seen as rising to 20,000. Houses, basic

services, schools and community centres will all have to be provided for this influx.

According to the less detailed estimations that have been carried out over the whole Socuy Guasare region, the amount of coal which could eventually be taken out of the area is virtually inexhaustible. Down to a depth of 200 metres there are said to be 728m. tons and down to a depth of 900 metres 1.5bn. tons. The total amount of coal available in the Zulia basin is put at 10bn. tons. Whatever the amount, Corporuzulia has said that none of the coal will be exported.

## Prosperity

So far the firm price has been put on the development, but whatever it is there can be no doubt that it will be paid. It was mainly because of the Guasare-Socuy coal that the decision was made in Caracas to give Zulia a steel complex, and the development of the seams will bring prosperity to an area which is now wilderness.

As with many other projects in Venezuela the will is not lacking, neither is the finance. The bottleneck could well come, however, from the lack of per-

sonnel trained to manage the work the coalfield. The new now being worked in Venezuela are tiny in comparison to size of the Zulia project and will not be able to offer much by the way of technology.

Nor are the Zulians at the moment in the art of underground mining. The un- gund mine will also pre- difficulties of a technical na- that the experts expect the young and volatile coal give off much dangerous which make safety precat a particular problem.

The planners can take comfort from the fact that government is extremely serious of the need to up- the skills of the workforce. Only are thousands of you Venezuelans being sent ab- every year for training foreign universities, but campaign is on at home to vide training for jobs on a shop floor. In Maracaibo, many other cities in Venezuela can scarcely tune into the radio station without hear- appeals for employers to their dues to the National Training Fund.

H.C.

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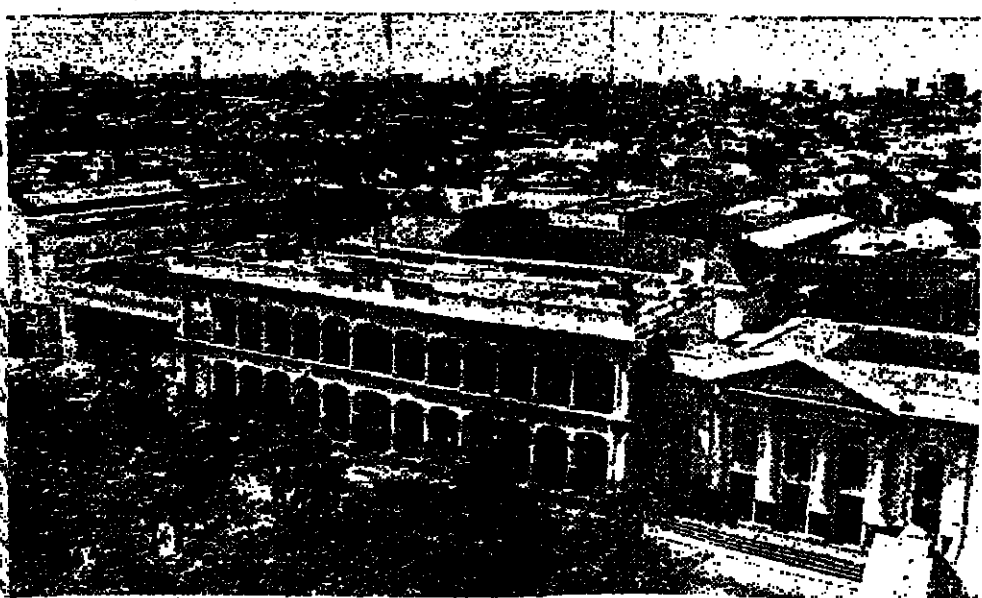
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**MARACAIBO — VENEZUELA**

مصارف التحويل



## ZULIA V



View of Maracaibo, with the Governor's residence in the foreground

## A fast changing capital

**YOUNG** Black wearing a straw hat and a sweat-soaked T-shirt drove his wood-key cart past a row of Maracaibo homes, tiny huts with yellow-tiled iron window grilles and iron window grilles and iron window grilles. At the end of the quiet street—has seen few changes in 50 years—the driver of his two-wheeled wagon a principal thoroughfare promptly found himself in a mid-afternoon traffic jam with scores of mass-produced American automobiles.

man and his wooden cart, with the rest of the community including Guajiro Indians, an important part of the city's social fabric. But like this, who could be from a century ago, are seeing profound changes in shape and style of the city. More than any other Venezuelan city, Maracaibo is shedding its image as a sluggish provincial capital plunging headlong into the construction of a modern centre.

capital of Zulia State, Maracaibo is Venezuela's second city and a thriving centre for commerce, agriculture, construction and petroleum. It is the very essence of a developing city in a developing country. New high-rise buildings and rows of five colonial-style houses are being built out of the old wood and homes with their red-tiled roofs and blue facades. On a host of construction sites, white-collared men and vendors in the place sweat in the sun, giving the lie to that link lethargy to temperatures.

men and crop farmers the rich agricultural surrounding Lake Maracaibo find their supplies and

markets in the State capital. Bankers are doing a land office business in loans for commercial and private construction. Foreigners crowd the city's hotels, bringing technical assistance to Government and private projects or seeking multi-million dollar contracts. Maracaibo is booming.

Facing the capital across Lake Maracaibo is the labyrinthine system of pipes, towers and surrealistic plumbing that makes up the El Tablazo petrochemical complex. Farther south on the giant shallow lake are the thousands of oil towers that symbolise Venezuela's most important industry—petroleum—and which provide the great bulk of national crude production.

Maracaibo has been called the oil capital of Latin America, and its proximity to the most active petroleum fields south of the U.S. supports that claim. But if Maracaibo's growth during the last half century was due principally to the development of Venezuela's petroleum industry, the city's future expansion will be based on a much wider range of economic activities, including steel, petrochemicals, small industry, commerce, banking and agriculture.

## Booming

In an interview, Sr. Marcos Gutiérrez Pérez, executive vice-president of the Banco Hipotecario del Zulia, one of the nation's leading mortgage institutions, confirmed the impression that things are booming in Maracaibo. "Construction will continue to be the biggest enterprise in Zulia," he said. "Filling the great need for private housing and exercising an important multiplier effect on the economy." He added that the construction industry will be a particularly helpful source of employment for the thousands of unskilled workers living in Zulia.

A few years ago construction in Maracaibo was limited. Between 1958-64 only four commercial buildings were erected, the tallest no more than six storeys. But between 1964 and now over 100 office and residential buildings have gone up, some standing as high as 20 floors. "In Maracaibo, we are experiencing what Caracas did 20 years ago," the banker said. "We are in a period of growth that is only beginning."

Ironically, Zulia's role as supplier of more than 80 per cent of Venezuelan crude production has not given it any special status in terms of Government subsidies. In fact, wealth extracted from the earth and lake bottom around Maracaibo reaches the national capital and seldom filters back to its point of origin.

Although the present administration headed by President Carlos Andrés Pérez has laid great stress on Government aid to areas outside the capital region—where most of the country's investment had been concentrated—Zulia businessmen still believe that the flow of federal funds to Maracaibo has been languid. (This situation should be altered in coming years with multi-billion dollar Government investments in steel and petrochemical operations for the State.)

The president of the Zulia Chamber of Industry, Sr. Manuel Muchacho Armas, takes pride in pointing out the Zulia's industrial growth is a product of local investors, and that Government funds for industry amount to only about 40 per cent of the total. Industrial expansion for the Zulia area will only be equalled, he says, by the exponential growth in the south-east Guayana region, where the Government is spending several billion dollars for projects in steel, aluminium, hydro-electric power, iron ore and railroads.

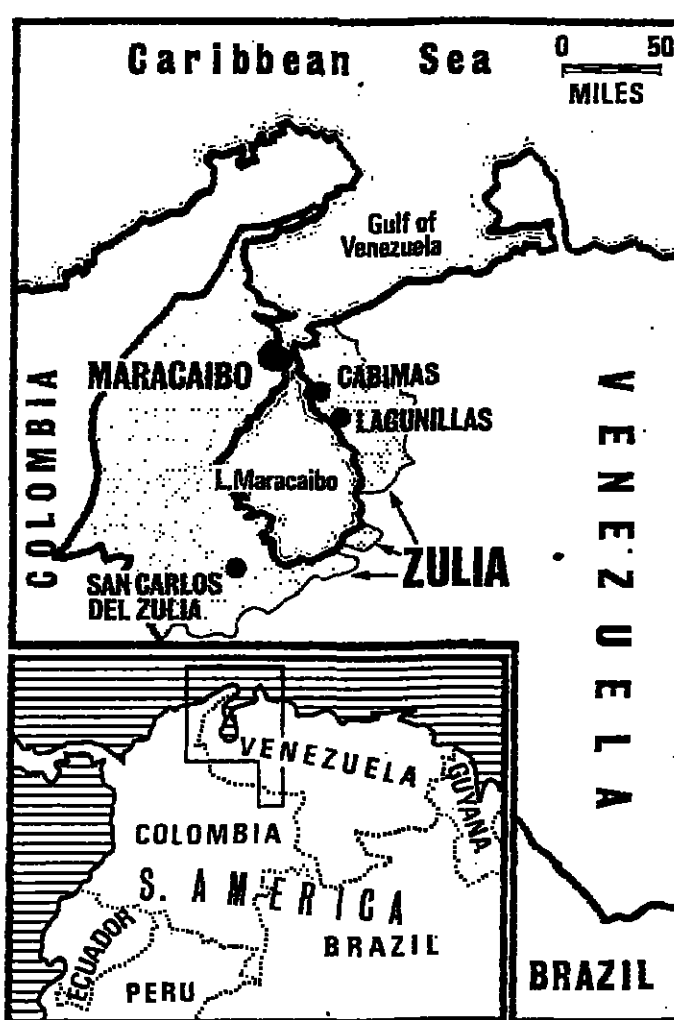
he needed to increase his production. His work began to be sold at the Centro. The three of them have now been so successful that there is scarcely a bank headquarters or major public building in the country which does not have a tapestry that Montiel and his workshop now principally turn out.

Supported by sales at the Mali Mai shop at the Centro, Montiel employs more than a score of young Guajiros at his village workshop to satisfy demand. His master work has been the main curtain at the Centro's theatre, which measures more than 53 feet long and 22 feet high and which took 13 men six months to complete.

His work has meanwhile found its way into museums and private collections in many European countries and the majority of countries of the Western Hemisphere, and among the exhibitions he has held has been one sponsored by the Smithsonian Institute in Washington.

Montiel and his group of collaborators have received the ultimate compliment of being widely imitated by other Guajiro craftsmen and by the factories of Caracas, and in the small hacienda he has bought himself near Mali Mai he is working out new designs which will allow him to keep ahead of his rivals.

H. O'S.



Although Maracaibo is clearly a city in transition (people still keep ducks, chickens and goats in quiet backyards a few blocks from the modern downtown area) it has unfortunately acquired some of the problems of more advanced metropolises. The nearby lake, whose pleasant breeze cools the flat, torrid city, is closed to bathing. Bacteria counts are often dangerously high because of the untreated sewage pumped into the lake from this city of 650,000. In addition, oil leakage and dumping of chemicals from plants at El Tablazo have caused further deterioration and give the waters a disagreeable look.

## Control

The petroleum companies operating around the lake, however, have taken measures to control pollution and clean up the waters. A report on Lake Maracaibo pollution prepared by a U.S. research group concluded that underwater oil seepage had affected the lake long before commercial exploitation began a half century ago, and that the dumping of sewage from Maracaibo was the lake's worst enemy. But despite continued affronts against the lake's ecological balance, fishermen still manage to find succulent crabs in the murky waters.

In downtown Maracaibo, a more immediate and dangerous problem stems from the city's leaky natural gas network. The gas lines, laid in 1938, are in a poor state of repair and are believed to allow the escape of some 4m. cubic metres of gas per day. The 450-kilometre gas system presents a serious threat to residents, many observers say, but municipal lethargy and political squabbles have impeded any clear solution to the dilemma.

"It's like sitting on a small volcano," a local businessman said, "but fortunately we haven't had a major eruption yet."

The Port of Maracaibo, with ten berths and total dock length of 1,235 metres, has been obliged to absorb a heavy increase in imports since Venezuela's oil income practically quadrupled to \$8,56bn. in 1974, and total national imports jumped from \$2,52bn. in 1973 to \$3,78bn. the following year and \$5,31bn. for 1975. But Maracaibo has not suffered from the severe congestion afflicting Venezuela's principal seaport, La Guaira, and the Government has announced plans to spend \$10.5m. in improving the local facilities.

Unemployment in the Maracaibo metropolitan area reached slightly over eight per cent last year, according to estimates made by the Zulia Planning and Co-ordinating Council (Conzuplan), but the employment picture is complicated by the presence of hundreds of thousands of Colombians living illegally throughout Zulia State. Official figures place the number of Colombians without proper visas at approximately 200,000 for Maracaibo alone, or nearly one-third of the population. Among Zulia's total population of 1.5m., Colombian indocumentados (or citizens without legal papers) are thought to number over 400,000.

The presence of so many illegal Colombians is both a scourge and a blessing for Venezuelan authorities. Peasants and unskilled workers from the neighbouring country are lured to Maracaibo, Caracas and other Venezuelan cities by the nation's petrodollar prosperity, and can often find jobs at wages below those paid to Venezuelans. Even at substantial salaries according to Venezuelan standards, many Colombians can earn eight times what they would do similar work in Colombia.

Frequently these illegal immigrants will accept menial jobs that Venezuelans find unpalatable. Without saying so, some Venezuelan farmers and

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J. A. M.



## Balance Sheet as at 31st December 1975

	Bolivars	(£)
<b>ASSETS</b>		
Technical Reserves	39,771,182.48	(5,601,575.00)
State Deposit	830,000.00	(116,901.41)
Investments not included in Technical Reserves	3,251,300.77	(457,929.69)
Fixed Assets after Depreciation	778,069.70	(109,587.28)
Debtors' Accounts for Reinsurance	22,026,447.73	(3,102,316.58)
Other Debts	9,794,473.19	(1,379,503.27)
Recoverable Earned Profits	285,542.12	(40,217.20)
Current Assets	133,252.49	(18,767.96)
Other Assets	3,425.00	(482.39)
<b>TOTAL ASSETS</b>	<b>76,873,693.48</b>	<b>(10,827,280.77)</b>
Memorandum items	29,159,168.52	(4,106,925.14)
<b>LIABILITIES</b>		
Technical Reserves	34,625,365.05	(4,876,811.98)
Creditors' Accounts for Reinsurance	19,960,262.77	(2,811,304.62)
Other Creditors' Accounts	5,887,527.35	(829,229.20)
Deferred Liabilities	309,725.27	(43,623.28)
Other Liabilities	41,640.00	(5,864.79)
Reserve Estimates	958,317.16	(134,974.25)
Paid-Up Equity Capital	7,500,000.00	(1,056,338.03)
Surplus to Reserves	7,590,855.88	(1,069,134.63)
<b>TOTAL LIABILITIES</b>	<b>76,873,693.48</b>	<b>(10,827,280.77)</b>
Memorandum items	29,159,168.52	(4,106,925.14)

## SEGUROS CATATUMBO

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## Flourishing arts scene

**TICKET** touts had a very busy earlier this month. The Guajiro ballet group put on a mammoth at the elegant theatre of the Centro de Artes, the Fine Arts of the city, and demand for tickets far exceeded supply. The Guajiro ballet group were turned away. A few of themselves some extra

Centro de Bellas Artes is an immensely popular place of life in the city and the sector. Dr. Jose Antonio, has a very full time job, though the ballet company is fully established there is doubt that on the basis of popularity and the growing size of the city it should have a secure future. Maracaibo already has its own established orchestra, which is supported by public funds and is affectionately as "La Orquesta de la Ciudad". The Polish Group, from under of central European who come to play in its for nine months of the

Centro also has a big exhibition gallery, which has provided a home for a growing and increasingly sophisticated group of artists. This month was a show of the work of artists with an enormous amount of talent and techniques, ranging from the primitivism of Haitian and Colombian to the grotesques of Francis the British painter, whose influence is everywhere in

Latin America, and the hard chromium modernism of the Venezuelans; Jesús Soto and Carlos Cruz Diez. Painting and sculpture were given a big boost during the 1960s under the patronage of the d'Empaire family, prominent in local business, who instituted a series of annual awards.

Tucked in beside the Centro's pleasant little cafeteria is the Mali Mai shop, which has served as a springboard for one of the region's best known artists.

## Straddling

Ten years ago Luis Montiel was an unknown Guajiro Indian, one of a race of many thousands of indigenous who occupy land straddling the Venezuelan-Colombian border in the Guajiro Peninsula. He lived in the village of Mali Mai, a small collection of huts about an hour's drive north of Maracaibo, and wore saddle cloths for the Guajiros who were rich enough to own a horse with which to tend their scrawny cattle and sheep in the parched countryside.

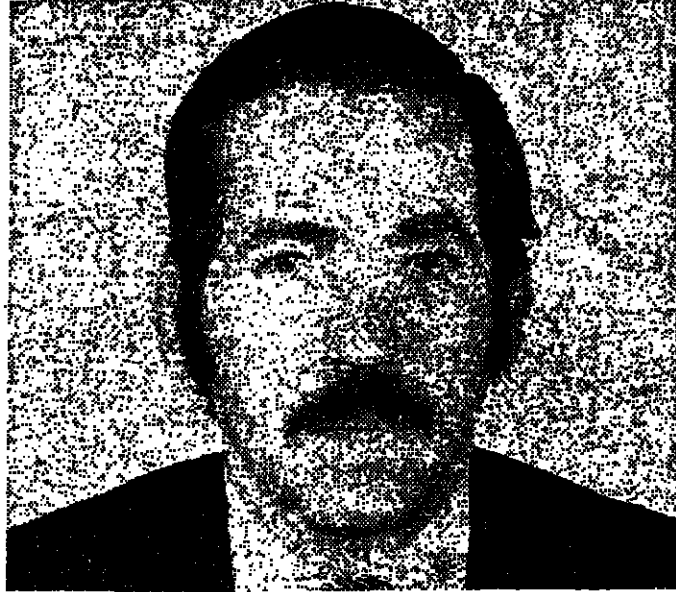
The saddle-cloths, produced in startlingly bright colours to simple geometrical designs, caught the eye of a visitor, Maxula d'Empaire, a member of the family which has done much for the Centro. Seeing his talent, she and her brother Oscar adopted Montiel, promoted him and eventually got him the financial backing that



## ZULIA VI



Governor of Zulia, Omar Baralt: his State's role in the national economy is growing fast



Leading industrialist Carlos Pardi: attracting industry to Maracaibo

## Omar Baralt

THE MAN who runs the State of Zulia, Governor Omar Baralt, finds himself in a curious position. His State is Venezuela's largest in terms of population, second only to the Federal District, which includes the 3m. residents of Caracas. Petroleum from Zulia's subsoil is the motor of national economy, bringing the Treasury the great bulk of its income. Milk and cattle from the State's rich farmlands are key elements in the nation's food supply.

Despite all this, Zulia has been assigned the traditional role of a Latin American province or city that has the ill fortune not to be the capital: wealth provided by the region flows outward to Caracas in exponentially greater quantities than that at which it returns. And, as in other parts of Latin America, political power, investment and major Government projects tend to group themselves around the capital city, only reluctantly filtering out to the rest of the country.

But Governor Baralt, an attorney and long-time member of the Government Party, Democratic Action, has had the good fortune to assume his post at a time when the Government's firm policy is to grant local government greater autonomy and share the nation's wealth on a more equitable basis.

Zulia has been assigned important projects in steel and coal which will bring billions of dollars in Treasury funds into the area, provide thousands of new jobs and literally transform the economic dynamics of

the State. At the same time, the Governor has been able to work with a vigorous group of local private investors who have shown no reluctance in committing themselves wholeheartedly to regional development.

The Governor, a Zulia native who formerly headed a Government financing agency, the Corporación Venezolana de Fomento (CVF), has also actively lobbied in Caracas for a more important State role in the national economy. His efforts have borne considerable fruit, as is shown by the fact that he has announced new projects totalling some \$216m. for Zulia's State capital, Maracaibo. The State itself will contribute \$56m., while the central government is to provide \$160m. for a host of programmes in education, agriculture, health and natural resources.

## Jorge Perez Amado

MOST PEOPLE would be content with either exercising a profession or directing a successful business enterprise. But Sr. Jorge Pérez Amado, a 57-year-old Zulia native, decided to combine his training as a petroleum engineer with a flair for management, and thereby produced a professional amalgam that has been of great value to his State's economic growth.

Sr. Pérez Amado, a cordial slightly balding man with an engaging personality, is one of the most prominent members of Zulia's active business community, and has been a motivat-

ing force in stimulating private sector interest in Venezuela's petrochemical industry.

The engineer-turned-businessman currently is President of the Grupo Zuliano, a holding company for four petrochemical concerns, and chief executive officer of Cerveza Regional, one of Venezuela's successful beer producers. Sr. Pérez Amado, who studied in the U.S. and Venezuela, is also a member of the Board of directors of the Banco Hipotecario del Zulia, the region's largest mortgage bank, and has served as a director of the State-owned oil company, Corporación Venezolana del Petróleo (CVP) and of Asoquim, Venezuela's association of chemical manufacturers. Besides his native Spanish, he speaks both English and German fluently.

## Carlos Pardi

SR. CARLOS PARDI is one of the principal figures involved in attracting industry to Maracaibo. Besides running Manufacturas Hidromecánicas, a plant producing water pumps in partnership with the FMC Corporation of the U.S., Pardi is chairman of COMDTMA, the Industrial Zone of Maracaibo Company. After a difficult start ten years ago, Maracaibo now has 115 companies on the present industrial estate. By the middle of next year Sr. Pardi hopes to have the first stage of a new development of 187 hectares completed. In contrast to the sticky start the existing estate had about a quarter of the new estate has been taken up, and plans have

already been drawn up for two further expansions of 200 hectares and 363 hectares. "We are lucky in Maracaibo to have a pool of industrial labour produced by the oil industry, and that sort of labour is scarce in Venezuela. What is more labour's relations with management has usually been very good here, Sr. Pardi says. He admits, however, that the labour market could get much tighter when the big new steel development comes to Maracaibo and the demand for labour of all sorts rises. Employers in Maracaibo, like everywhere else in Venezuela, are conscious of the need for a great deal more industrial training if the country is ever going to fulfil its plans.

Sr. Pardi is confident that he will be able to get tax concessions for new companies moving into Maracaibo to join the established names like Westinghouse and Pepsi-Cola, one of whose largest plants in Latin America is sited in the existing industrial zone. He is also confident that Maracaibo's geographical proximity to Colombia, Venezuela's largest partner in the Andean Pact, is an advantage for industrialists settling in Maracaibo. "We don't do any exporting from Industrias Hidromecánicas, but buyers just come over the border from Colombia, buy our pumps and drive away," he says.

Sr. Pardi's career is fairly typical of many managers in the area. He graduated from the Georgia Institute of Technology in 1963 as an industrial engineer and thereafter spent a year working for a Venezuelan subsidiary of Philip Morris, starting with Manufacturas Hidromecánicas in 1966.

## Fernando Chumaceiro

IN A COUNTRY where the political appointees put into office by one government do not often survive the arrival of another government, the case of Dr. Fernando Chumaceiro is something of an exception. Dr. Chumaceiro has been head of Corpozulia since 1970 when he was appointed by President Rafael Caldera, leader of COPEI, the Venezuelan Christian Democratic Party. His tenure of office was confirmed after President Carlos Andrés Pérez took over last year.

The 45-year-old Dr. Chumaceiro has had the responsibility for the Corporation at a time when it is just beginning to move out of the era of planning a new industrial future for the province to overseeing actual construction activity.

A maracucho or native of Maracaibo, Dr. Chumaceiro spent some time at school in the U.S. before graduating as a lawyer at the University of Zulia in 1967. He did a spell as deputy for Zulia in the Venezuelan congress before devoting himself full time to the Corporation.

One of his prized possessions is a letter he received from London in the middle of the war in response to one he, as a confident ten-year-old, had sent to Winston Churchill pledging the encouragement and support of the Zulians for the British war effort.

## Corpozulia steps up its programme

THE VENEZUELAN Government's main effort to undo a century and a half of centralised economic power has been directed through a set of regional development agencies, within two or more states or federal territories, and inevitably are forced to cope with a lack of co-ordination, overlapping authority and mounds of inter-governmental red tape.

Now, however, Corpozulia (the Zulia Regional Development Corporation) has been charged with elaborating two of Venezuela's most ambitious programmes: the \$100m. Zulia Steel Complex to be built south of Maracaibo, and the exploitation of the Zulia Coal Basin. In addition, it continues to promote activities on a more modest scale throughout the State.

Under the presidency of Sr. Fernando Chumaceiro, Corpozulia spent nearly \$20m. in 1974-75, the bulk of which was destined for investment in both private and State-owned projects. Corpozulia's range of interests includes urban planning, the construction of a tourist centre near a Guajira village, agricultural and agro-industrial consultation and project financing, a yard for building fishing vessels, a bridge spanning the Rio Limón and a programme for the cultivation of oysters using technological aid from South Korea. Most of the institution's income is allocated by the central Government in Caracas, but Corpozulia will invest these resources according to its own set of priorities for regional needs.

In an interview with the Director of Corpozulia, Sr. Alonso Guerrero, the regional official stressed that his agency had deliberately chosen small projects at the outset in order to achieve concrete results within a short period of time. He noted that many Government agencies become bogged down in elaborating large-scale programmes where a great deal of money is spent on little more than planning.

Sr. Guerrero also pointed out that Corpozulia's tasks have been made less complicated since the scope of the agency's

activities is included within the base of the peninsula. Both restaurant and the dwellings around it are on stilts over the watery lagoon, and visitors are not about in powerful boats. (According to the Spanish explorer Alonso de Ojeda was impressed by the sight of Indian huts resting on stilts over part of Lake Maracaibo, and called the region "Venezuela" ("Little Venice") because it reminded him of the Italian city.)

## Channelling

Another of Corpozulia's efforts is a joint programme between the regional body and a Government-funded cultural research agency, Fusagri. Formerly sponsored by Shell de Venezuela, Fusagri's extension activities with the petroleum industry and stations in Zulia and various agricultural parts of Venezuela. Fusagri is particularly interested in injecting new investment into the eastern working for the Agriculture Ministry, have earned some praise from the able professional skill and access in diagnosing crop and problems.

Like all other Government entities, though, Corpozulia is not without its critics. Representatives of the private sector in Zulia say that the institution has accomplished little since its establishment seven years ago and that it should tackle ambitious programmes (beyond the coal and steel project) in the low-employment areas of the State. One of the agency's yard for the construction of fishing vessels on in north-west Zulia which lies between the Gulf of Venezuela and the Colombian border. Sr. Guerrero said that plans are being made for supplying the arid Guajira region with water, developing tourist projects that emphasise the natural beauty of the area and creating beaches for Zulia residents and tourists.

Corpozulia has already established an attractive restaurant in the Sinamoca Lagoon at the

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شركة التأمين



## The Management Page

مكتبة النظم

EDITED BY JOHN ELLIOTT

ensive groundwork has to be carried out by a merchant banker if he is to be successful when handling company takeovers. Keith Lewis reports.

## Specialist financial adviser

...fostering the belief position on the Board of Telecommunications. His skills were called upon repeatedly after that episode. He helped keep Waddington out of the hands of Mardon International, the packaging group owned by Imperial Group and British-American Tobacco. He played a leading part in the Debenhams' fight to remain independent from United Drapery Stores.

Where he lost a fight, he often forced the bidder to pay a higher price—as in the case of IPC, the publishing group which eventually succumbed to the overtures of Reed International. Other such examples were Pollard Ball when it was taken over by Ransome, and Woodall Duckham when it became part of Babcock & Wilcox.

After often acting on behalf of those fighting off bids, he has more recently shown his willingness to become the predator instead of the champion of the oppressed. The best example of this was the part he recently played in the take-over of Manbré & Garton by Tate & Lyle. On this occasion Barclays Merchant Bank acted in concert with Mr. Ball's former employer Kleinwort Benson in penetrating the defences thrown up by another take-over veteran, Mr. Frank Smith, chairman of Manbré & Garton, formerly with merchant bankers S. G. Warburg.

The Tate bid succeeded despite Frank Smith's stout defence, objections from the Office of Fair Trading, the personal opposition of Mrs. Shirley Williams, then Secretary of State for Prices and Consumer Protection, and loud cries of horror from Manbré employees and customers. But Charles Ball and his colleagues had done their homework and had gained the approval of various powerful Ministries which saw the deal in a different light from the OFT and Tate won.

Another take-over affair in which Charles Ball was deeply



Mr. Charles Ball

Ashley Ashwood

immersed until recently was the Babcock bid for Loughborough crane manufacturers Herbert Morris. The bid is still continuing but Charles Ball has been eliminated from the fight in a legal tactic devised by Kleinwort Benson. He was eclipsed because of his knowledge of the affairs of Herbert Morris, having acted on its behalf when he was with Kleinwort. As he was forced to admit at the time, "perhaps Kleinwort's has learned a thing or two since I left."

Briefly, the situation began prior to Babcock's intervention. A Midlands company called Amalgamated Industrials built up a 37.7 per cent. shareholding in Morris and then made an offer for the remaining equity. However, the offer was referred by the Office of Fair Trading to the Monopolies Commission which subsequently ruled that the deal was "against the public interest" and so the takeover was blocked.

Amalgamated was ordered by the OFT to sell its shares in Morris but it refused and a trial of strength between the two was only settled when Babcock stepped in and bought the Morris shares owned by Amalgamated. Babcock was then immediately obliged to bid for the remaining Morris shares since the City Takeover Code requires any company buying 30 per cent. or more of another's equity to make an offer for outstanding shares.

Morris, having asked for a Monopolies Commission investigation when Amalgamated bought its shares is making the same request now that Babcock

owns the shares. However, it is here that the groundwork done by Charles Ball may pay dividends. He kept the OFT informed of all his actions and intentions in advance of buying the Morris shares and it would seem illogical that the OFT would not have said something to deter Babcock from buying Morris's shares if the OFT had even the vaguest intention at that point of referring a Babcock bid to the Monopolies Commission.

What all this proves is only that Mr. Ball is extremely effective in the field of take-overs. But questions are raised of whether it should really be the skills or otherwise of the merchant banking advisers which determine the outcome of a bid and whether a highly desirable merger may be prevented or, conversely, a bad bid may go through because of a devastating attack on a weak party.

Charles Ball is quick to point out that he is a merchant banker and "not an IRC." As such, he would claim that his role is to give realistic advice and would only act in concert with a client.

Charles Ball's job at Barclays carries a wider brief than before. He may only be seen in the take-over arena—and he readily confesses that it is in the operations room that he is at his happiest—but he is also responsible for other functions of the bank including medium-term lending, the money market and corporate finance.

However, his tactical knowledge in bids is almost certain to be called upon again, so

long as it is cheaper for companies to expand by buying a going concern than it is to set up from scratch. He is, therefore, in a position of considerable responsibility. And this is not lost on the man who claims keeping outside directorships, as he does, is vital for remaining in contact with what is going on in industry.

From this vantage point of straddling both banking and industry and having a wide spread of financial responsibilities, Charles Ball is quick to present himself as a staunch defender of the City. He argues that whenever the City has been called upon to raise cash the funds have always been there. He has strong views about the Equity Capital for Industry concept, however, and argues that the people who manage unit trust, insurance and pension fund money have a responsibility to act in the interests of the investors, policyholders and members. He points out that anyone who approaches ECI has to have one element of lameness about it. And that "anyone who approaches the National Enterprise Board has to have two lame legs."

## Recovery

Any recovery in investment by industry will only be seen when the industrialist can escape the higher interest rates and can satisfy himself that the effect is worthwhile and there is some compensation for the risk, he maintains.

Charles Ball is not an advocate of having one voice to speak for the entire City; he argues that there is such a multiplicity of activities and interests that this is impossible. He is violently opposed to the nationalisation proposals which he says would achieve nothing. He reckons that depositors and, in the case of insurance companies, the policyholders would see this as a way of the Government setting its hands on their money and would merely pull out.

As for the appointment of Sir Harold Wilson to head a committee to review the City, Charles Ball sees this as a possible device to postpone the prospect of nationalisation. He bases this view on the fact that the Left-wing would almost certainly accept whatever Sir Harold reports as his findings.

## BUSINESS LAW

THE WIDESPREAD publicity that is constantly being given to matters such as price-cutting orders, and investigations of commercial monopolies and large-scale takeovers is welcomed by Governments and by agencies such as the European Commission. This is because the publicity pleases consumers and small and medium sized companies who are suspicious of multi-national giants.

But despite all the publicity, big companies really have little to fear except maybe a few pin-pricks. A review of anti-trust operations in the past three or four years should reassure the multi-nationals that they can usually frustrate attacks on their operations by order to cut the earnings of high-powered lawyers to exploit both procedural and substantive niceties of the law. But this explanation is hardly sufficient. The truth of the matter is that Governments, as well as European Community institutions, have no need to weigh the interests of encouraging competition policy against other interests. These interests can include preserving jobs, defending industry's position on foreign markets, and, last but not least, to avoid making too many influential enemies.

For example, there was the discrepancy between, on the one hand, the publicity generated in 1973 by the U.K. order to cut the price of Valium and Librium and, on the other hand, the meagre real effect these orders — and the subsequent noisy legal battle — had on the pricing policy of the manufacturer, Hoffmann-La Roche.

## Collapse

More powerful than all the legal arguments mustered by lawyers proved to be the fact that a world-wide collapse of pharmaceutical prices — which could have been the real domino effect of this case — would have badly hit British exports of drugs and ultimately would adversely have affected the U.K.'s balance of payments. This may well be the reasoning behind the compromise formula reached with Roche and the subsequent approval of price rises as a result of which Continental importers, like the Dutch Centrafarm, no longer find it profitable to import Valium from Britain and to exert pressure on the high prices which Roche never ceased to charge for its products on the Continent.

Still on the subject of pharmaceutical prices, but this time in Germany, one can see that at

## Anti-trust frustrations

BY A. H. HERMANN

about the same time that British antitrusters celebrated their temporary victory over Roche, the Federal Cartel Office boasted about a major breakthrough on the price front by declaring that Merck, the leading producer of vitamin B-12, had abused its dominant position. The office ordered it to reduce its prices. After lawyers on both sides had enjoyed this case for several years, the Federal Supreme Court said in July 1976 that though in principle the Cartel Office can order cuts in prices achieved by an abuse of dominant position, it did not prove the existence of this situation in the case of Merck.

The German price cutting order for Valium and Librium has already been partly revised

Despite considerable publicity, the legal battles waged by lobbyists against monopolies have had little real success

by the Appeal Court of Berlin and will be further scrutinised by the Supreme Court this autumn.

The Federal Cartel Office was not much luckier during the oil crisis when it ordered a reduction of petrol prices only to find that these were counter-productive because they eliminated from the market the last remaining independent distributors while leaving the oil majors unharmed.

Its most recent humiliation on the price front is its attempt to curb price increases announced in March by Volkswagen, Opel and Ford. Before it could obtain a picture of the relevant price structures the automobile companies replaced old models with new ones, as they usually do in summer, thus preventing comparison of present and past prices.

Although Volkswagen announced that this year's profits are so good that they will wipe out the losses incurred in the two preceding years, the Cartel Office has to confess that it is powerless: German law allows the prosecution of present abuses but not those which have taken place in the past.

The EEC Commission has also suffered a resounding defeat over its ill-conceived sugar-rings case where it went to war as the defender of consumer interest only to be branded by the European Court as the operator of

a European sugar cartel, now renamed the Sugar Directorate of the Commission.

The antitrusters' record is even less glorious on the merger front. The Continental Can case has established a new legal rule which theoretically expands the trust-busting powers of the EEC Commission but Continental Can has been allowed to swallow its European acquisitions.

## Overruled

The Cartel Office's emphatic "no" to the VEBA/Gelsenberg, the German merger of the century, was overruled by Bonn because the concentration of the German power industry was seen as necessary in view of the changed situation in the international oil market. In the U.K. the recent Tate and Lyle bid for Manbré and Garton, though aiming at a total monopoly of cane refining and the control of almost 60 per cent. of the white sugar market in the U.K., has been allowed to pass without reference to the Monopolies Commission, mainly in order to save 2,000 jobs on Merseyside.

All this confirms that when it comes to the big concerns, antitrust issues are a game handled by politicians against a background of sometimes indiscreet but always faint legal music. This is a lesson which the U.S. antitrusters have learned all too well but which has been further pressed home by a series of recent setbacks. Three years after opening a big investigation of the oil industry, the U.S. antitrusters have nothing more than a court's approval to search for documents, investigation of Goodyear and Firestone resulted after six years in a finding that these companies do not operate a tyre monopoly. Some 500,000 pages were required to say so.

Investigation of an alleged conspiracy between Hertz and Avis car hire operations on airports yielded only a modest consent order; investigations of IBM, American Telephone and Telegraph, Kellogg, General Foods and several other companies which are household names world-wide have been fascinating antitrust lawyers new to the game.

These cases remain on the lists as actively pursued investigations after the lawyers working on them retire from public service, having discovered the defence of the giant companies only to be branded by the European Court as the operator of

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## Possession of a field

I let a field to a farmer in which he grazes cattle on an 11 month basis from November 1 to September 30 each year. I want it back, but the farmer is making difficulties about it. Can I insist? Provided your 11 months' letting was for grazing purposes only you are entitled to recover possession of the field at the end of the 11 months term. Section 9(1) of the Agricultural Holdings Act 1948 expressly excludes from security of tenure tenancies and licences of less than a year let for grazing or mowing.

## Liability for injury

I understand that it is still possible for companies manufacturing machinery legally to exempt themselves in contract from consequential injury although this would appear to be against the spirit of the Health and Safety Act and also against the Employer's Liability (Defective Equipment) Act which lays down that the employer's rights in contribution should not be affected.

The only statutory indication I can trace regarding limiting the right of the supplying company to limit his liability is in the Supply of Goods (Implied Terms) Act 1973 which lays down that exclusion clauses will be prima facie binding in a business sale, but the courts may not grant protection if they consider that the exclusion clause is unfair in any way. Could you tell me the legal position?

We agree that a manufacturer may exclude liability in contract for his negligent manufacture if the sale is a "business sale" within the meaning of the Sale of Goods (Implied Terms) Act 1973. Liability in tort may still remain however, where the person injured is not the contracting purchaser from the manufacturer. See for example Clerk and Lindsell on Tort 14th Ed. paragraph 882.

## Dissolving a partnership

Since going into partnership with two others in a hotel, my partners bought an adjoining hotel and knocked the two buildings into one. There are now two lots of accounts for what is in

effect the same business and my partners say it would be too complicated to merge them. I do not like the position. Can I compel the other two to take appropriate action?

There are undoubtedly a variety of courses open to a partner in the position which you describe. A partnership action may be commenced in the High Court seeking dissolution of the partnership, sale of the partnership assets and/or the appointment of a receiver. However, the preferable course to adopt depends on the terms of the partnership agreement, and on all the circumstances of the case. It would be wise to consult a solicitor.

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مكاتب العمل

Member FDIC



Morgan officers specialising in Euro financings are based around the world. Shown at meeting in London are, from left, Mary Gibbons, John Mayer, Leighton Coleman, London office; Eric Guerlain and Antoinette Daridan, Paris office.

## For Euro-currency financing designed to meet your needs, consider Morgan Guaranty

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When you turn to the Euro-currency market for financing, you want your needs met with discretion, innovation, and speed. Morgan Guaranty's Euro-finance specialists used all three in managing or co-managing \$5 billion in loans to large international corporations and governments in the past year.

Morgan has Euro experts in the major international money centres. They keep in close touch — by telephone and travel. This means they have a total market view at all times, and can give the borrower speedy decisions at each step in the negotiation of a complex deal.

To set up a major Euro-currency financing, a bank has to know all the sources of funds, and have access to them. Morgan's Euro team has high standing among important lenders, who value our thoroughness in preparing loan documentation and our skill in structuring a financing.

That skill is especially important to the borrower. It ensures that terms, maturity, and options are tailored to the purpose of the loan and to conditions in the marketplace. It also ensures imaginative choice among the sources of funds. For instance, as co-manager of one major financing we reached outside the Euro market to



find an alternative source for the short-term portion of the loan — the U.S. commercial paper market.

Where appropriate, we structure the loan to utilise the financing programs of export-import organisations like Eximbank (U.S.), ECGD (U.K.), or COFACE (France).

Euro-currency financing with Morgan-designed flexibility has a wide range of uses: short-term working capital loans to finance trade; medium-term revolving credits for countries with development or balance-of-payments needs, and for corporations; longer-term financing for projects which generate the funds for repayment.

If you're the financial officer of an international company, or of a government or government agency, talk with a bank that's a leader in the field. Contact our Euro specialists through any Morgan office, worldwide.

MORGAN GUARANTY TRUST COMPANY, 23 Wall Street, New York, N. Y. 10015; IN LONDON: 33 Lombard Street, E.C. 3; 31 Berkeley Square, W.1 • OTHER BANKING OFFICES: Paris, Brussels, Antwerp, Amsterdam (Bank Morgan Labouchere), Frankfurt, Düsseldorf, Munich, Zurich, Milan and Rome (Banca Morgan Vonwiller), Tokyo, Singapore, Nassau • REPRESENTATIVE OFFICES: Madrid, Beirut, Sydney, Hong Kong, Manila, São Paulo, Caracas • INTERNATIONAL BANKING SUBSIDIARIES: San Francisco, Houston • Incorporated with limited liability in the U.S.A.

**Morgan Guaranty - the corporate bank**



## Hawker Siddeley well up after six months

The chairman Mr. W. R. Watson says revenue continued buoyant since his last review.

Looking to the future, he confirms that the Board remains hopeful for most international markets. As a result the company has fully invested its own and borrowed funds. This means that each share, which currently costs 50p, has approximately 120p worth for it of which 35p is borrowed.

This ability to invest borrows

Malayalam final 0.7625p

Taxation	198,187	59,411
Net profit	597,148	70,311
Dividends	597,512	93,111
General reserve	260,000	
Forward	99,574	98,711

Results for the Year to End:		
	Ruppes	Ruppes
Tea sales	122,642	82,391
Rubber	50,146	52,498
Total sales	142,288	141,770
Profit before tax	22,168	41,944
Sale rubber-trees, etc.	1,835,838	1,618,711
Taxation	29,083	31,918
Net profit	598,238	1,146,911

Extracts from the statement made by the  
Chairman at the AGM

# growth

FIRST HALF 1976 turnover of main Ford dealers and earthmoving equipment distribution group. T. C. Harrison expands

from \$137,000 to \$144,390, and pre-tax profit advanced from \$418,000 to \$526,000. And the chairman, Mr. T. C. Harrison, reports that the third quarter has maintained the encouraging trend of the first quarter. Supplies of new cars, while still adequate to meet demand, have been sufficient to help increase profits and the directors are hopeful that the situation will continue to improve.

Provided the supply of vehicles is maintained "another record year is anticipated and the present intention is to pay the maximum permitted dividend. The

expansion programme, the group has commenced the construction of a new JCB distribution depot at Ossel, near Wakefield, and contracts have been signed for a building to be erected at Sedgely in Durham, for its north-eastern JCB business. On completion of the new depots the leased premises at Morley and Bowburn will be vacated.

All sections of the business contributed to the result with car sales being particularly buoyant, says the chairman.

the economy and, in particular, the construction industry, move out of their present depressed state. Leasing and hire purchase companies continue to make substantial contributions to profits.

## HIGHLIGHT SPORTS

At the request of the directors of Highlight Sports the Drbenture holders have appointed Mr. W. G. Mackey and Mr. N. J. Hamilton, of Whitney Murray and Co., as receivers.

The receivers stated that they were making an investigation into the company. It was the present intention to continue trading.

believe that favourable opportunities for investment will continue to arise both here and elsewhere in the world; and I am confident that we will be found ready to take advantage of them," the chairman adds.


As reported on October 1, group pre-tax profit for the year to March 31, 1976 was £2,401,000 (£1,054,000), the percentage contribution to the profits being from mortgage and loan stock interest as between its various activities was tea producers 83.6 (105.3); secretaries and agents 1.9 (5.6); packaging 1.0 (1.1); interest 1.1 (1.1); associates 1 (3).

Until the issue of the additional share capital in March, 1978, the company was a subsidiary of Assam Trading (Holdings), which owned throughout the year and continues to own a total of 1,434,003 Ordinary shares, representing 35.61 per cent. of the shares carrying voting rights at March 31, 1976. Following the issue of the additional share capital, Broadland Properties became 321,000 and retained the holder of 321,000 Ordinary shares representing 29.61 per cent. of the capital of that class and 8.29 per cent. of the combined Preferred Ordinary and Ordinary capital.

	1976	1975	Year
	£000's	£000's	1975/76 £000's
TURNOVER (excluding VAT)	126,051	122,771	275,379
OPERATING PROFIT	9,335	13,088	29,256
Depreciation and Amortisation	1,980	2,131	4,824
Interest	3,182	2,907	5,871
TRADING PROFIT	4,193	8,050	18,561
Variation in deferred profit	dr. 824	cr. 631	dr. 409
PROFIT BEFORE TAXATION	3,369	8,681	18,152
Taxation	1,750	4,500	8,117
EARNINGS	1,619	4,181	10,035
Earnings per 25p Stock Unit	1.1p	2.7p	6.6p

21st February 1977 to stockholders appearing on the register on 11th January 1977.

*Copies of the last annual Report and Accounts may be obtained from The Secretary, Marble Arch House, Seymour Street, London W1A 2BY.*



are making progress towards our stated objectives of lower gearing  
tive cash flow despite the increased problems with which we have to contend.

J. M. STERLIN

مكتبة الأهل



# Higher metal prices helping MIM

**PAUL CHESSERIGHT**

Recovery in earnings for the first nine months of the year of 17,108,046 ounces. This means that output is still running slightly behind the level of last year which eventually turned out to be the lowest for 14 years at 17,108,046 ounces.

There has been a tendency to boost South African mine production in recent months. This partly reflects the rising of higher grade ores in response to the lower bullion price.

The estimated gold revenue in the third quarter, however, was \$375.3m. (222.8m.), compared with \$360.7m. in the second quarter and \$353.5m. in the third quarter of 1975. Total estimated revenue for the first three quarters of this year is \$1,177.9m. (712.2m.) against \$1,098.8m. over the same period of 1975.

from \$25m. to \$27.5m., as support for completed and planned expansion programmes. The offer opens on October 29 and closes on November 19.

An issue of debentures was also foreseen in the report. In fact, shareholders are being offered 12.25 per cent. partly convertible unsecured debentures 1987/91 at a price of \$4.10 (\$2.55) for every 100 shares held. The value of the issue is \$10.5m.

# Further losses at Judge Intl.

**THE DIRECTORS** of houseware manufacturers Judge International state that trading figures for the group for the 32 weeks ended June 26, 1976, reveal that, contrary to expectations at the time of the interim report in May, the group has made a further loss in the second half.

At the interim stage, reporting a turnaround from a profit before tax of \$410,000 to a loss of \$284,000, the directors stated that since the beginning of the calendar year they had been able to increase prices and also that there had been an improvement in order intake with a resultant increase in profitability.

They added that demand in industrial moulding was still weak, but there were signs of a recovery. The group was trading profitably, they said, and they expected to show a profit for the second half. The directors now state that steps have been taken to reduce overheads and increase sales in order to raise trading activity to a satisfactory level.

A further announcement will be made towards the end of November, they add, when audited accounts for the last financial year will be published.

The directors do not anticipate being able to recommend payment of a final dividend (1.24p). Last year's total was 1.84p net per 25p share from profits of \$119,350.

# Croda to await Midland Cattle document

**Croda International**, which controls almost 19 per cent. of the Midland Cattle Products shares, appears now to be keeping its options open on the \$3.9m. takeover announced by Thomas Borthwick.

Croda chairman Mr. Freddie Wood has indicated that the group would probably wait to see the formal offer documents before taking a decision on the bid. Mr. Wood said they would be looking for an indication on how trading has progressed since the end of the last Midland Cattle financial year.

In the meantime they were examining the Borthwick bid terms "very carefully."

# Recovery seen at Maidenhead Investments

**First half results** at Maidenhead Investments (Holdings) will be disappointing due to heavy start-up costs on new residential developments, Mr. M. Rivkin, chairman, tells holders.

However, for the full year the directors are looking for a recovery—the three main operating subsidiaries have successfully met the challenge of an increasingly competitive environment, he adds.

The programme of disposals of property is proceeding satisfactorily, particularly with regard to residential flats. The cash flow anticipated from future sales together with a reduction in the historic long-term land bank will enable the company to continue to reduce borrowings and in particular to repay the \$4 per

# Boost for ICI petrochemicals

**OUTPUT** and exports from Imperial Chemical Industries petrochemicals division at Wilton, Texas, in 1976 are likely to be substantially higher than last year.

Dr. Rob Telfer, the chairman, said that, although there was some way to go before the peak levels of late 1975 were reached, the business climate has greatly improved. He added that output was running at 20 per cent. above last year's average level and exports would probably be 75 per cent. higher than in 1975.

# POSEIDON: end of the road

**A RECEIVER** has been appointed for Australia's Poseidon, the shares of which soared from \$2 to \$124 between September, 1969 and February, 1970, during the nickel exploration boom. They were priced at 75p when dealings were suspended on October 8 this year. It seems doubtful whether they can have much value now.

Hit by rising costs and low nickel prices at the Windarra nickel mine in Western Australia, Poseidon reported accumulated losses of \$813.77m. (\$17.8m.) at June 30. The company's total debts amount to some \$825m. (\$21m.), of which about \$325m. is due to the Australian Industry Development Corporation.

The Windarra nickel mine is jointly owned with Western Mining. It is thought possible that the latter company may now seek to lease Poseidon's half of the property, paying a royalty and a premium on the price received for the nickel ore mined.

# Investment in Australia

Following a trip to North America, Europe and Japan, the executive director of the Australia Mining Industry Council, Mr. Paul Phillips, has said in Canberra that overseas investment in mining had been attracted by the more flexible guidelines adopted towards foreign investment by the Australian Government and the accelerated depreciation provisions in the recent budget.

He added, however, that there were worries about Australia's cost structure. Meanwhile the Minister for National Resources, Mr. Douglas Anthony, is reported to have suffered a recurrence of hepatitis and may face the prospect of an extended spell away from work. This could mean the appointment of an acting minister at a time when the Government is considering its policy on uranium development.

# TRANS-NATAL RIGHTS OFFER

The promised rights issue of South Africa's Trans-Natal Coal Corporation turns out to be \$4.4m. shares of 50 cents each, offered at 150 cents (104.3p) on the basis of 20 new shares for every 100 held at the close of business on October 22.

In the last annual report, the Trans-Natal said there would be a new issue of 5m. shares in order to raise the authorised capital.

# MINING BRIEFS

**WESTERN TITANIUM**—Quarter ended September 30. Figures in tonnes. Mines: 50,000 (previous quarter 51,250), 50,000 (previous quarter 51,250), 50,000 (previous quarter 51,250). Other minerals: 630 (660). Beneficiation plant: Beneficiation plant 10,000 (10,000). Expenditure on exploration during the period: \$1,000,000 (\$1,000,000).

**TWEEFOURTEEN UNITED COLLIERIES**—Quarter ended 30/9/76. Figures in £000. Mines: 1,000 (1,000), 1,000 (1,000), 1,000 (1,000). Other minerals: 630 (660). Beneficiation plant: Beneficiation plant 10,000 (10,000). Expenditure on exploration during the period: \$1,000,000 (\$1,000,000).

# RIGHTS OFFERS

**Latest** 1976 1975 Stock Change

Date	High	Low	Stock	Change
10/10/76	11 1/2	11	100	+1
11/10/76	11 1/2	11	100	+1
12/10/76	11 1/2	11	100	+1
13/10/76	11 1/2	11	100	+1
14/10/76	11 1/2	11	100	+1
15/10/76	11 1/2	11	100	+1
16/10/76	11 1/2	11	100	+1
17/10/76	11 1/2	11	100	+1
18/10/76	11 1/2	11	100	+1
19/10/76	11 1/2	11	100	+1
20/10/76	11 1/2	11	100	+1
21/10/76	11 1/2	11	100	+1
22/10/76	11 1/2	11	100	+1
23/10/76	11 1/2	11	100	+1
24/10/76	11 1/2	11	100	+1
25/10/76	11 1/2	11	100	+1
26/10/76	11 1/2	11	100	+1
27/10/76	11 1/2	11	100	+1
28/10/76	11 1/2	11	100	+1
29/10/76	11 1/2	11	100	+1
30/10/76	11 1/2	11	100	+1

# Unaudited Results for the six months to 31st July 1976

	6 months ending 31.7.76	Year ending 31.7.76
Net external sales	9,535,800	7,487,000
Trading profit	770,000	685,000
Share of associates' profit	320,000	285,000
Group trading profit before taxation	1,090,000	970,000
Taxation	450,000	395,000
Group trading profit after taxation	640,000	575,000

# Interim Dividend

The Board has declared an interim dividend of 0.35p per share compared with 0.35p per share last year. This will be paid on 21st January, 1977 to all shareholders on the register at close of business on 4th January, 1977.

# Interim Report

The group's trade has continued at a satisfactory level during the first part of the current financial year, although the improvement in sales was subject to a certain pressure on profit margins. The indications are that there will be a continuation of the upward trend in the company's profits and a further improvement in the results for the year as a whole.

## A knot in a handkerchief can help you remember the date when you can switch to the new Océ 1700 Plain Paper Copier.



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## LEGAL NOTICES

No. 000210 of 1976  
In the HIGH COURT OF JUSTICE  
Chancery Division Companies Court. In  
the Matter of WELLSWAY TRANSPORT  
LIMITED and in the Matter of The  
Companies Act, 1968.

NOTICE IS HEREBY GIVEN, that a  
Petition for the Winding-up of the above  
named Company by the High Court of  
Justice was on the 14th day of October  
1976, presented to the said Court by  
MICHAEL JOHN LUFF formerly trading  
as M.J. INTERNATIONAL FORWARDING  
of 20a White Horse Road, Barking in  
the County of Essex, and that the said  
Petition is directed to be heard before  
the Court sitting at the Royal Courts  
of Justice, Strand, London WC2A 2LL,  
on the 12th day of November 1976, and  
any creditor or contributory of the said  
Company desirous to support or oppose  
the making of an Order on the said  
Petition may appear at the time of  
hearing, in person or by his Counsel,  
for that purpose; and a copy of the  
Petition will be furnished by the  
undersigned to any creditor or contributory  
of the said Company requiring such copy  
on payment of the regulated charge for the same.

MITCHELL CAULKETT & COILEY,  
of Freedom House, East Square,  
Basilston, Essex.

LONDON AGENTS:  
BULCRAIG & DAVIS,  
6 Henrietta Street,  
Strand, London WC2R 1JN.  
Solicitors for the Petitioner.

NOTE—Any person who intends to  
appear on the hearing of the said Petition  
must serve on, or send by post to, the  
above-named notice in writing of his  
intention so to do. The notice must state  
the name and address of the person, or  
if a firm, the name and address of the  
firm, and must be signed by the person  
or firm, or his or their solicitor (if any),  
and must be served, or, if posted, must  
be sent by post in sufficient time to  
reach the above-named lot later than  
four o'clock in the afternoon of the  
12th day of October 1976.

No. 000211 of 1976  
In the HIGH COURT OF JUSTICE  
Chancery Division Companies Court. In  
the Matter of SEPTENT LIMITED and  
in the Matter of The Companies Act,  
1968.

NOTICE IS HEREBY GIVEN, that a  
Petition for the Winding-up of the above  
named Company by the High Court of  
Justice was, on the 11th day of October  
1976, presented to the said Court by  
the COMMISSIONERS OF CUSTOMS AND  
EXCISE of King's Beam House, 38-41,  
Mark Lane, London EC2R 7BE, and that  
the said Petition is directed to be heard  
before the Court sitting at the Royal  
Courts of Justice, Strand, London  
WC2A 2LL, on the 12th day of November  
1976, and any creditor or contributory  
of the said Company desirous to support  
or oppose the making of an Order on  
the said Petition may appear at the time  
of hearing, in person or by his Counsel,  
for that purpose; and a copy of the  
Petition will be furnished by the  
undersigned to any creditor or contributory  
of the said Company requiring such copy  
on payment of the regulated charge for the same.

G. KRIBORIAN,  
King's Beam House,  
38-41, Mark Lane,  
London EC2R 7BE.  
Solicitor to the Petitioner.

NOTE—Any person who intends to  
appear on the hearing of the said Petition  
must serve on, or send by post to, the  
above-named notice in writing of his  
intention so to do. The notice must state  
the name and address of the person, or  
if a firm, the name and address of the  
firm, and must be signed by the person  
or firm, or his or their solicitor (if any),  
and must be served, or, if posted, must  
be sent by post in sufficient time to  
reach the above-named lot later than  
four o'clock in the afternoon of the  
12th day of November 1976.

No. 000212 of 1976  
In the HIGH COURT OF JUSTICE  
Chancery Division Companies Court. In  
the Matter of MURDER CIVIL ENGINEERING  
COMPANY LIMITED and in the Matter of  
The Companies Act, 1968.

NOTICE IS HEREBY GIVEN, that a  
Petition for the Winding-up of the above  
named Company by the High Court of  
Justice was, on the 11th day of October  
1976, presented to the said Court by  
the COMMISSIONERS OF CUSTOMS AND  
EXCISE of King's Beam House, 38-41,  
Mark Lane, London EC2R 7BE, and that  
the said Petition is directed to be heard  
before the Court sitting at the Royal  
Courts of Justice, Strand, London  
WC2A 2LL, on the 12th day of November  
1976, and any creditor or contributory  
of the said Company desirous to support  
or oppose the making of an Order on  
the said Petition may appear at the time  
of hearing, in person or by his Counsel,  
for that purpose; and a copy of the  
Petition will be furnished by the  
undersigned to any creditor or contributory  
of the said Company requiring such copy  
on payment of the regulated charge for the same.

G. KRIBORIAN,  
King's Beam House,  
38-41, Mark Lane,  
London EC2R 7BE.  
Solicitor to the Petitioner.

NOTE—Any person who intends to  
appear on the hearing of the said Petition  
must serve on, or send by post to, the  
above-named notice in writing of his  
intention so to do. The notice must state  
the name and address of the person, or  
if a firm, the name and address of the  
firm, and must be signed by the person  
or firm, or his or their solicitor (if any),  
and must be served, or, if posted, must  
be sent by post in sufficient time to  
reach the above-named lot later than  
four o'clock in the afternoon of the  
12th day of November 1976.

No. 000213 of 1976  
In the HIGH COURT OF JUSTICE  
Chancery Division Companies Court. In  
the Matter of SHANKIN & BARRY  
CONTRACTORS LIMITED and in the  
Matter of The Companies Act, 1968.

NOTICE IS HEREBY GIVEN, that a  
Petition for the Winding-up of the above  
named Company by the High Court of  
Justice was, on the 11th day of October  
1976, presented to the said Court by  
the COMMISSIONERS OF CUSTOMS AND  
EXCISE of King's Beam House, 38-41,  
Mark Lane, London EC2R 7BE, and that  
the said Petition is directed to be heard  
before the Court sitting at the Royal  
Courts of Justice, Strand, London  
WC2A 2LL, on the 12th day of November  
1976, and any creditor or contributory  
of the said Company desirous to support  
or oppose the making of an Order on  
the said Petition may appear at the time  
of hearing, in person or by his Counsel,  
for that purpose; and a copy of the  
Petition will be furnished by the  
undersigned to any creditor or contributory  
of the said Company requiring such copy  
on payment of the regulated charge for the same.

G. KRIBORIAN,  
King's Beam House,  
38-41, Mark Lane,  
London EC2R 7BE.  
Solicitor to the Petitioner.

NOTE—Any person who intends to  
appear on the hearing of the said Petition  
must serve on, or send by post to, the  
above-named notice in writing of his  
intention so to do. The notice must state  
the name and address of the person, or  
if a firm, the name and address of the  
firm, and must be signed by the person  
or firm, or his or their solicitor (if any),  
and must be served, or, if posted, must  
be sent by post in sufficient time to  
reach the above-named lot later than  
four o'clock in the afternoon of the  
12th day of November 1976.

No. 000214 of 1976  
In the HIGH COURT OF JUSTICE  
Chancery Division Companies Court. In  
the Matter of SUDELEY GARAGE LIMITED  
and in the Matter of The Companies Act,  
1968.

NOTICE IS HEREBY GIVEN, that a  
Petition for the Winding-up of the above  
named Company by the High Court of  
Justice was, on the 11th day of October  
1976, presented to the said Court by  
the COMMISSIONERS OF CUSTOMS AND  
EXCISE of King's Beam House, 38-41,  
Mark Lane, London EC2R 7BE, and that  
the said Petition is directed to be heard  
before the Court sitting at the Royal  
Courts of Justice, Strand, London  
WC2A 2LL, on the 12th day of November  
1976, and any creditor or contributory  
of the said Company desirous to support  
or oppose the making of an Order on  
the said Petition may appear at the time  
of hearing, in person or by his Counsel,  
for that purpose; and a copy of the  
Petition will be furnished by the  
undersigned to any creditor or contributory  
of the said Company requiring such copy  
on payment of the regulated charge for the same.

G. KRIBORIAN,  
King's Beam House,  
38-41, Mark Lane,  
London EC2R 7BE.  
Solicitor to the Petitioner.

NOTE—Any person who intends to  
appear on the hearing of the said Petition  
must serve on, or send by post to, the  
above-named notice in writing of his  
intention so to do. The notice must state  
the name and address of the person, or  
if a firm, the name and address of the  
firm, and must be signed by the person  
or firm, or his or their solicitor (if any),  
and must be served, or, if posted, must  
be sent by post in sufficient time to  
reach the above-named lot later than  
four o'clock in the afternoon of the  
12th day of November 1976.

PREVENTION OF FRAUD  
INVESTMENT ACT 1958  
NOTICE IS HEREBY GIVEN, that  
1. United Bank International of Cornwall,  
London, EC3V 3NS has relinquished the  
benefit of the Act, having ceased to  
transact business in the United Kingdom.  
2. United Bank International has made  
application to the Department of Trade  
and Industry for the cancellation of its  
Registration under the Act of 1958.  
3. The Treasury Order of 1976  
relating to the cancellation of the  
Registration of the said Bank under the  
Act of 1958, is hereby published.  
4. Any person having a claim on the  
funds of the said Bank should send  
written notice of his claim to the  
Assistant Secretary, Department of  
Trade and Industry, Great Street,  
Barnsley, W.V.1, not later than 10th  
November, 1976.

No. 000215 of 1976  
In the HIGH COURT OF JUSTICE  
Chancery Division Companies Court. In  
the Matter of MURDER CIVIL ENGINEERING  
COMPANY LIMITED and in the Matter of  
The Companies Act, 1968.

NOTICE IS HEREBY GIVEN, that a  
Petition for the Winding-up of the above  
named Company by the High Court of  
Justice was, on the 11th day of October  
1976, presented to the said Court by  
the COMMISSIONERS OF CUSTOMS AND  
EXCISE of King's Beam House, 38-41,  
Mark Lane, London EC2R 7BE, and that  
the said Petition is directed to be heard  
before the Court sitting at the Royal  
Courts of Justice, Strand, London  
WC2A 2LL, on the 12th day of November  
1976, and any creditor or contributory  
of the said Company desirous to support  
or oppose the making of an Order on  
the said Petition may appear at the time  
of hearing, in person or by his Counsel,  
for that purpose; and a copy of the  
Petition will be furnished by the  
undersigned to any creditor or contributory  
of the said Company requiring such copy  
on payment of the regulated charge for the same.

G. KRIBORIAN,  
King's Beam House,  
38-41, Mark Lane,  
London EC2R 7BE.  
Solicitor to the Petitioner.

NOTE—Any person who intends to  
appear on the hearing of the said Petition  
must serve on, or send by post to, the  
above-named notice in writing of his  
intention so to do. The notice must state  
the name and address of the person, or  
if a firm, the name and address of the  
firm, and must be signed by the person  
or firm, or his or their solicitor (if any),  
and must be served, or, if posted, must  
be sent by post in sufficient time to  
reach the above-named lot later than  
four o'clock in the afternoon of the  
12th day of November 1976.

No. 000216 of 1976  
In the HIGH COURT OF JUSTICE  
Chancery Division Companies Court. In  
the Matter of SHANKIN & BARRY  
CONTRACTORS LIMITED and in the  
Matter of The Companies Act, 1968.

NOTICE IS HEREBY GIVEN, that a  
Petition for the Winding-up of the above  
named Company by the High Court of  
Justice was, on the 11th day of October  
1976, presented to the said Court by  
the COMMISSIONERS OF CUSTOMS AND  
EXCISE of King's Beam House, 38-41,  
Mark Lane, London EC2R 7BE, and that  
the said Petition is directed to be heard  
before the Court sitting at the Royal  
Courts of Justice, Strand, London  
WC2A 2LL, on the 12th day of November  
1976, and any creditor or contributory  
of the said Company desirous to support  
or oppose the making of an Order on  
the said Petition may appear at the time  
of hearing, in person or by his Counsel,  
for that purpose; and a copy of the  
Petition will be furnished by the  
undersigned to any creditor or contributory  
of the said Company requiring such copy  
on payment of the regulated charge for the same.

G. KRIBORIAN,  
King's Beam House,  
38-41, Mark Lane,  
London EC2R 7BE.  
Solicitor to the Petitioner.

NOTE—Any person who intends to  
appear on the hearing of the said Petition  
must serve on, or send by post to, the  
above-named notice in writing of his  
intention so to do. The notice must state  
the name and address of the person, or  
if a firm, the name and address of the  
firm, and must be signed by the person  
or firm, or his or their solicitor (if any),  
and must be served, or, if posted, must  
be sent by post in sufficient time to  
reach the above-named lot later than  
four o'clock in the afternoon of the  
12th day of November 1976.

No. 000217 of 1976  
In the HIGH COURT OF JUSTICE  
Chancery Division Companies Court. In  
the Matter of SUDELEY GARAGE LIMITED  
and in the Matter of The Companies Act,  
1968.

NOTICE IS HEREBY GIVEN, that a  
Petition for the Winding-up of the above  
named Company by the High Court of  
Justice was, on the 11th day of October  
1976, presented to the said Court by  
the COMMISSIONERS OF CUSTOMS AND  
EXCISE of King's Beam House, 38-41,  
Mark Lane, London EC2R 7BE, and that  
the said Petition is directed to be heard  
before the Court sitting at the Royal  
Courts of Justice, Strand, London  
WC2A 2LL, on the 12th day of November  
1976, and any creditor or contributory  
of the said Company desirous to support  
or oppose the making of an Order on  
the said Petition may appear at the time  
of hearing, in person or by his Counsel,  
for that purpose; and a copy of the  
Petition will be furnished by the  
undersigned to any creditor or contributory  
of the said Company requiring such copy  
on payment of the regulated charge for the same.

G. KRIBORIAN,  
King's Beam House,  
38-41, Mark Lane,  
London EC2R 7BE.  
Solicitor to the Petitioner.

NOTE—Any person who intends to  
appear on the hearing of the said Petition  
must serve on, or send by post to, the  
above-named notice in writing of his  
intention so to do. The notice must state  
the name and address of the person, or  
if a firm, the name and address of the  
firm, and must be signed by the person  
or firm, or his or their solicitor (if any),  
and must be served, or, if posted, must  
be sent by post in sufficient time to  
reach the above-named lot later than  
four o'clock in the afternoon of the  
12th day of November 1976.

PREVENTION OF FRAUD  
INVESTMENT ACT 1958  
NOTICE IS HEREBY GIVEN, that  
1. United Bank International of Cornwall,  
London, EC3V 3NS has relinquished the  
benefit of the Act, having ceased to  
transact business in the United Kingdom.  
2. United Bank International has made  
application to the Department of Trade  
and Industry for the cancellation of its  
Registration under the Act of 1958.  
3. The Treasury Order of 1976  
relating to the cancellation of the  
Registration of the said Bank under the  
Act of 1958, is hereby published.  
4. Any person having a claim on the  
funds of the said Bank should send  
written notice of his claim to the  
Assistant Secretary, Department of  
Trade and Industry, Great Street,  
Barnsley, W.V.1, not later than 10th  
November, 1976.

## APPOINTMENTS

Executive post  
at John Laing

Mr. John A. Pymont has been  
appointed director of overseas  
marketing of JOHN LAING  
INTERNATIONAL.

Dr. J. D. Ait has become  
managing director of WESTLAND  
ENGINEERS in place of Mr.  
F. E. J. Hallett, who has retired  
from that position but remains  
on the Board. Mr. Hallett has also  
retired as a director of Westland  
Aircraft.

UDDEHOLM, the U.K. subsidiary  
of the Swedish Group, has  
made changes in the parent company  
representatives on the  
Board. Peter Brandinger,  
group administration director  
joins as chairman, together with  
Mr. Per Molin, director of the  
steel plate division. Also joining  
the Board as a non-executive  
director is Mr. James P. Plunkett,  
former managing director of a  
subsidiary, Miller Buckley Golf  
Services, since its incorporation  
in 1974.

Mr. Robert Redmond has been  
appointed chief executive officer  
of the NATIONAL FEDERATION  
OF CLAY INDUSTRIES from  
November 1.

Mr. Donald Thwaites has been  
appointed technical director of  
ALLAN THORNTON AND SONS,  
a member of the Yorkshire Fine  
Woolen Spinners-Group.

Mr. Frank J. Davis has been  
appointed managing director of  
JOHN JENKINS (HOLDINGS).  
The company is a group of 18  
subsidiaries, including the  
Robert Jenkins and Company.

Mr. Leon Hill has relinquished  
his joint managing directorship of  
R. MAXELL and remains deputy  
chairman. Mr. Bernard Adams is  
now sole managing director. Mr.  
G. Bell has been appointed  
financial controller.

Mr. Geoffrey Williams has  
become chairman of the  
NATIONAL FILM FINANCE  
CORPORATION for three years  
from November 1. He succeeds  
Sir Robert Clark, who has been  
chairman of the company since  
from the chairmanship due to  
his other commitments. Sir  
Robert Clark has agreed to  
continue as a member of the  
Board for up to three months.

THE WELSH DEVELOPMENT  
AGENCY has appointed Mr. John  
Loveland as executive director  
(Industry and Development). Mr.  
Loveland is at present managing  
director of Marlebeath Plastics.  
Dr. John Norris, at present managing  
director of Lightweight  
Aggregates, has become the  
agency's investment director.

Mr. J. F. Selater has joined the  
Board of BAIN DAWES (RE-  
INSURANCE BROKERS).

Following the purchase of  
certain assets of JENSEN  
MOTORS by Britcar Holdings,

CONTRACTS  
£6.4m. NCB  
orders

NATIONAL COAL BOARD contracts  
worth £6.4m. have been  
awarded as follows: Mild steel  
sections from rolling mills: BSC  
general steels division, Hartlepool,  
Cleveland; Lillishall Steel, Tei-  
ford, Salop; G. Gadd and Co.,  
Dudley, Walsley; Wigan, Bar-  
nall and Sons, Wednesbury, West  
Midlands; Raine and Co., New-  
castle upon Tyne; GKN (South  
Wales), Cardiff. Welded mesh  
casing parts, a helical steel  
blender, welded fabric for  
machinery guards and steel  
fabric for concrete reinforcement:  
BRC Engineering Company, Stan-  
ford; GKN, Grindley Wigan;  
Seacon Manufacturing, Dudley.

FERRANTI has received an order  
from Total Oil Great Britain,  
worth more than £2m. for Auto-  
control electronic pumps and  
kiok units to equip a further 250  
service stations. Last year, Total  
placed an initial order covering  
50 service stations.

POLYSIUS, Ascot, Berks., has been  
awarded a contract worth £1.9m.  
by the Rugby Portland Cement  
Company for the design and  
supply of a Lepol grate preheater  
for its works at Rochester, Kent.  
Said to be the largest of its type  
in the U.K., and the second largest  
in the world, it will have a  
mechanical travelling burner 5.60  
metres wide and 44 metres long.  
With its associated rotary kiln,  
the preheater will produce up to  
2,400 tonnes of cement clinker  
a day.

BALFOUR BEATTY CONSTRUCTION  
(SCOTLAND) has been awarded  
a £1.5m. contract by the  
British Steel Corporation for the  
foundations of two direct re-  
duction plants being built at  
Hubberton (Ayrshire), each de-  
signed to produce about 400,000  
tonnes of iron pellets a year.

ARC EUROPA has been awarded  
a Civil Service order for  
electronic plantime equipment,  
said to be worth up to £1.5m. in  
sales over the next three years.

KISMET-DYNAPLEX, Bedford,  
has won an order from Esso  
Petroleum for over £1m.-worth of  
passenger car roller brake  
testing machines. The company  
has also been awarded a contract  
to visit all Esso garages through-  
out the country to update and  
modify, where necessary, vehicle  
hoists which may not conform to  
the latest BS1 specification of  
construction and maintenance.

S. W. FARMER AND SON, Leich-  
am, S.E.13, has won a contract  
to supply 14 pipe racks amounting  
to 500 tonnes of steelwork for the  
rebuilding and expansion of the  
Tyro (U.K.) chemical plant at  
Filton, Southrop.

ICL has won an order worth £1m.  
from Hozz Robinson Group for  
a 2880 computer system.

Bank of Tokyo Holding  
(Société Anonyme Luxembourg)U.S. \$35,000,000 Guaranteed  
Floating Rate Notes due 1980

For the six months  
October 20th, 1976 to April 20th, 1977

In accordance with the provisions of the Note, notice  
hereby given that the rate of interest has been fixed at  
6 1/2 per cent and that the interest payable on the  
relevant interest payment date, April 20th, 1977,  
against Coupon No. 1 will be U.S. \$34.13.

By: Morgan Guaranty Trust Company of New York, London  
Agent Bank

## CREDIT COMMERCIAL DE FRANCE, P

INTRODUCTION OF THE SHARES OF CREDIT  
COMMERCIAL DE FRANCE ON THE BRUSSELS  
AND ANTWERP STOCK EXCHANGES

Credit Commercial de France announces that applica-  
tion has been made for a listing of its shares on the Brus-  
sels and Antwerp Stock Exchanges, with effect from October 2.  
The introduction was sponsored by Kredietbank and  
of C.C.F. within the Inter-Alpha Group of Banks.

## McLEOD RUSSEL

"Results exceed forecast"  
reports Sir John Brown, the Chairman.

\* Pre-tax profits for the year to 31st March 1976 amounted to £2,401,000 against  
forecast of £2,150,000 made in February. The profit attributable to ordinary share-  
holders amounted to £767,000. A net dividend of 6.45p—the maximum permit-  
ted—is recommended on the ordinary shares. The trading results of the new  
subsidiaries, The Consolidated Tea and Lands Company and Cessnock Holdings, have  
not been included in these profits, relating as they do wholly to the pre-acquisi-  
tion period. A net dividend of 8.67p on the preferred ordinary shares issued to former  
Consolidated stockholders is recommended.

\* The implementation of the offers for The Consolidated Tea and Lands Com-  
pany and Cessnock Holdings has led to a significant increase in the Group's over-  
all size. The total acreage of tea under our control in India has risen from 22,847  
acres to 43,119 and we also now have a 50% interest in 24,520 acres of tea owned  
by The Kanan Devan Hills Produce Company.

\* Net assets attributable to the equity capital now amount to £11.2m (1975: £4.7m)  
and net current assets have increased from £845,000 to £3,763,000.

\* The 1975 tea season in North India did not produce such good crops and pro-  
fits as 1974 but results were, on the whole, satisfactory. The off-take of tea on the  
Indian market has continued to rise and we expect this trend to continue. I  
results at Brenchley & Co. were disappointing following product develop-  
ment delays and Morrell & Co. suffered a fairly severe fall in demand.

\* Crops from the Group's Estates in North India to 31st August 1976 are ahead  
of the previous year's output to the same date. Although it is always difficult at  
this stage in the year to forecast results, it is reasonable to expect a satisfactory  
outcome to the year's operations.

\* Reorganisation of subsidiaries operating in India is proceeding and should be  
reflected in the current year's accounts. An offer has been made for the minor-  
ity holdings in The Makum (Assam) Tea Company, Limited.

COMPARATIVE RESULTS	1976	1975
Group turnover	£890's	£800
Profit before taxation	11,604	10,7
Profit attributable to shareholders	2,401	2,4
Proposed ordinary dividend — 6.45p	767	
Profit retained	1,634	
Earnings per ordinary share	625	
Assets per ordinary share at 31st March	34.95p	26.3
	279p	21

Copies of the Report and Accounts are available from the Secretary,  
McLeod Russel & Co., Limited, Victoria House, Victoria Place, London WC2B 4DH.

It may look easy. But at three in the morning with a winter wind whipping round the true  
and rain driving into your face, servicing street lights is no pushover job.  
And with the best will in the world a man can't work effectively when he's cold,  
wet and miserable.

In exposed working conditions he needs the best protection for the job.  
That's Jeltel Weatherguard.

High-quality Weatherguard is strong, hard-wearing, yet light in weight.  
It's also very comfortable.

When council workers wear Weatherguard suits they beat the weather, work longer  
and better. Service is protected, efficiency maintained.

Send off the coupon now for information on the whole Jeltel range of protective clothing.

You'll soon have your output at a very high level.

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Position: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Jeltel

Protects people—and profits

## Chief Executive Officer

The Board of the Greater Nottingham  
Co-operative Society Limited requires a  
successor to Mr. L. A. Harrison who is due  
to retire in March 1977.

The starting salary will be not less than  
£18,000 p.a. Benefits include motor car,  
pension and relocation help.

The Greater Nottingham Co-operative  
Society is one of the leading Retail  
Co-operative Societies in Britain. It has a  
current annual sales volume of about £70m.,  
an outstanding growth record and the plans  
and resources to maintain this dynamic.

Outside the County of Nottingham its trading  
territory stretches across S. Lincolnshire. It has  
over 200 retail outlets including supermarkets  
and department stores; extensive  
dairy production and other diverse,  
profitable businesses.

The Chief Executive Officer is  
accountable to the Society's Board  
for the management.

administration and profitable expansion of the  
enterprise and will be a major contributor to  
modern retailing and development policies.

The new C.E.O. will be aged about 45  
with a proven senior management record in  
retailing including demonstrable  
achievements in modern business building.

Financial acumen of a high order is mandatory.  
Applicants (m or f) from the Co-operative  
Movement must have several years' experience  
in higher management covering a  
broad mix of trading interests. Those from  
outside will have held profit responsibility for a  
sizeable group of modern retail food outlets,  
preferably including some experience of  
non-food merchandise.

Please write in strict confidence  
with brief relevant career details to  
H. C. Holmes, Bull, Holmes  
(Management) Limited,  
45 Albemarle Street,  
London W1X 3FE.

Bull  
Holmes

If you don't believe  
it's cold & wet up there,  
try it without  
Weatherguard.

Jeltel Limited, Weatherguard Works, Dunfermline, Fife KY11 5EP. Tel: Dunfermline 26700. Telex: 26700.



Bank of Tokyo, The Financial Times Wednesday October 20 1976, J.S. \$35,000,000, Floating Rate Note, WALL STREET CORRESPONDENT, WALL STREET + OVERSEAS MARKETS, Sterling easier, GOLD MARKET, FOREIGN EXCHANGES, INDICES, NEW YORK - DOW JONES, VERSEAS SHARE INFORMATION, YOKO, CANADA, AUSTRALIA, BRAZIL, JAPAN, SWITZERLAND, COPENHAGEN, AMSTERDAM, STOCKHOLM, VIENNA, SPAIN, etc.





**Macaroni Parola**

**STRATHCLYDE**  
IF YOUR FUTURE LIES IN FOODSTUFFS  
LOOK WHAT WE HAVE IN STORE

Strathclyde has an industrial structure of amazing diversity. The region is quite simply suited to almost any kind of industrial activity. Take one part of the food industry as an example. The manufacture of starch, cereal and associated food products has long been a significant activity in Strathclyde. The region's geography has been one factor in the success... the well-developed transport network, excellent ports. It's a natural base for commerce.

Much of the growth has come from indigenous companies, but the future beckons increasing business elsewhere. The benefits are already there. The top-rate financial incentives that come from a special development area. Excellent sites, even ready-built factories. Perhaps most of all there's availability of suitable labour.

Skilled, semi-skilled, unskilled. Next time you talk about expanding think a little farther afield. Strathclyde may be much nearer your goal. These are just a few of the advantages of Strathclyde which has Special Development Area Status. Find out more details from Strathclyde Industrial Development. Just fill in the coupon below. Then you'll see why Strathclyde has as much more to go for.

Strathclyde Industrial Development  
21 Bothwell Street, Glasgow G2 6NU

Name.....  
Position.....  
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Address.....

**Strathclyde Industrial Development**

Strathclyde Industrial Development, 21 Bothwell Street, Glasgow G2 6NU



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The architecture of a famous nineteenth century building is being restored with great sensitivity. Its handsome facades, the arcades along the Rue de Rivoli and the internal courtyards will provide the elegant framework to an office interior which meets today's most exacting requirements and is designed for big and small companies alike.

The whole imposing complex of over 400,000 sq ft stands in the financial, administrative and cultural heart of Paris. The Palais du Louvre and the Ministry of Finance are opposite; the Bank of France is close by. Communications are excellent, access to the airports easy and the building management and services will be of the highest quality.

This unique combination of advantages will make the Centre d'Affaires Le Louvre, not just the best business address in Paris, but one of the best in the world.

For full information contact:  
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BP 254-01 - 75004 PARIS CEDEX 01  
Tel: 263.20.30.

**LE LOUVRE**  
PLACE DU PALAIS ROYAL 75001 PARIS FRANCE

# INTL. FINANCIAL AND COMPANY NEWS

A receiver is to be appointed at Poseidon. Kenneth Marston, Mining Editor, analyses the rise and fall of one of the stockmarket's wonder shares.

## A burnt-out case

MANY a cynic crawling painfully from the still smouldering ashes of the Australian nickel exploration share boom of the later 1960s may have been heard to croak that: "A mine is a hole in the ground with a liar at the top." More fortunate observers of the sharemarket scene might have taken the old philosophical view that: "Many a mine has been ruined by sinking a shaft."

### Irony

The irony of the rise and fall of Poseidon was that the Adelaide-based company was one of the very few that did find a mine, and quite a good one at that. There was no war at the top, but there was a great deal of unbridled speculation in those blazing boom days that preferred a champagne diet of quick profits on the sharemarkets to one of sober assessments of potential earnings from a mining operation.

Nor did the sinking of a shaft ruin Poseidon's new nickel mine at Mount Windarra, some 180 miles to the north-north-east of Kalgoorlie in Western Australia. The mine is still producing nickel and will no doubt continue to do so for quite a few years yet.

But Poseidon as a company has reached the end of its short, but exciting career, following yesterday's news that as a result of financial problems its chairman Professor E. A. Rudd has asked for a receiver to be appointed. Trading was suspended in the shares on October 8.

They could have been purchased for just under £2 on September 29, 1969, when the Poseidon story opened with the news that nickel and copper sulphides had been encountered in percussion drilling at Windarra. Three days later they were trading at the equivalent of £200 and before the month of October was out they had risen to £16.

This, however, was only the beginning of one of the most dramatic price rises ever seen in sharemarket history. By the end of that year Poseidon had

soared to \$94 and two months later, in February, 1970, the price hit its peak of £124, valuing this small company at £306m. And this was in the days before the investment dollar premium applied to London prices of Australian shares!

It is doubtful whether anybody would have cared about the dollar premium if it had been in force. These were the rip-

target of 200,000 tons of nickel ore from the deposit which had been estimated to hold some 4m. tons grading a reasonable 2.4 per cent. nickel. All seemed well, even though the share price had come back to £71 as the exploration fever subsided.

Despite conflicting views of the company's investment prospects, Poseidon's magic remained such that some 200

bridging finance, but a deal emerged.

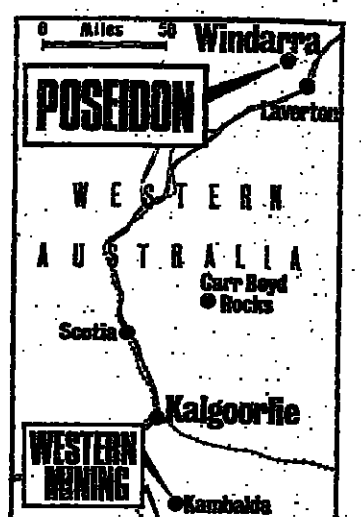
A link was forged with U.S. Union Oil-Hanna-Ro consortium which had nickel at the southern tip of the Windarra property. Mr. Shierlaw, Mr. Shierlaw to go it alone with Poseidon. It has been argued, should have raised funds by share issues the preferred course of loan. Even so, having up ore reserves and later nickel sales contracts, might still have succeeded two events which the fortune against the company was its earlier acquisition of the copper producing subsidiary and the gold mining Lake View and Star, which succumbed to its prices.

### Adversity

The second stroke of was the fall in the buoyant market for nickel occurred before Windarra reached production in 1974. By this time Windarra had acquired a half the Windarra mine (the Poseidon itself). James Rudd had replaced Tom as chairman. Norman

remained a director as the rest of the story mounting losses which reached \$18.77m. (217 June 30) of a debt which included some owed to the Australian Development Corporation. Latter has appointed Mr. Buckley of Melbourne accountants Cooper and receiver and manager company at Poseidon's. The final chapter will in due course by Mr. It looks as though it will some sort of deal with Mining which may be to buy Poseidon's half Windarra property or, likely, to lease the mine the receivers.

Sadly, there seems to hope of any return on the Poseidon which were at 75p when they were in London.



Norman Shierlaw

London stockbrokers, journalists and mining observers gathered in the City at 8.30 on the morning of July 6, 1970, to hear a further progress report from Windarra. They were told that the property was developing on a scale that could possibly rival Western Mining's Kambalda mine, which was producing 30,000 tons of nickel from an annual ore treatment of 850,000 tons.

### Finance

What they did not hear was how Poseidon was going to finance its potential mine. One answer seemed to be a deal with one of the international mining giants, and Canada's International Nickel and South Africa's Anglo American Corporation seemed to be among the likely candidates. The latter reached the stage of making available

actions 11 per cent. up in the third quarter at \$29.1m. (\$1.64 a share) compared with the \$26.1m. (\$1.50) a share earned in the same period of 1975.

The company's earnings were down from the \$34.1m. reported in the second quarter. The Bank said its provision for loan losses in the third quarter totalled \$21m. compared with \$12m. a year ago and \$16m. in the second quarter.

### AMERICAN COMPANIES

## Chase Manhattan setback

BY STEWART FLEMING

CHASE MANHATTAN Corporation, holding company for the third largest U.S. commercial bank reported disappointing third quarter earnings today.

Net income before securities transactions is \$22.1m. (69 cents a share), up from the \$19.1m. earned in the third quarter of 1975 but sharply down from the \$30.1m. (94 cents a share) earned in the second quarter.

Chase Manhattan has been one of the big commercial banks worst hit by problem loans to real estate investment trusts and direct real estate loans. Some bank analysts had been expecting that the Bank would report earnings of over \$1 a share in the third quarter, continuing the improving trend established in the first half of the year.

As a result of management reorganisation Chase has been seen on Wall Street as a recovery stock in the banking sector.

For the first nine months of the year the Bank's earnings after securities transactions are \$79.4m. (\$2.48 a share) compared with \$154.3m. (\$4.83 a share) in the same period of 1975.

Commenting on the downturn between the second and third quarter the Bank said that this was primarily the result of a \$9.6m. increase in non-interest expenses and a \$4.6m. decrease in net interest margins.

The Bank's provision for possible loan losses in the third quarter was \$79.1m. down 17.5 per cent. from the third quarter of 1975.

Cont Illinois loss provision

By Our Own Correspondent  
NEW YORK, Oct. 19. CONTINENTAL ILLINOIS, one of the top ten U.S. commercial banks today, reported net earnings before securities trans-

actions 11 per cent. up in the third quarter at \$29.1m. (\$1.64 a share) compared with the \$26.1m. (\$1.50) a share earned in the same period of 1975.

The company's earnings were down from the \$34.1m. reported in the second quarter. The Bank said its provision for loan losses in the third quarter totalled \$21m. compared with \$12m. a year ago and \$16m. in the second quarter.

Net loan charge-offs in the third quarter totalled \$24m. in the third quarter compared with \$9.4m. a year ago and \$16.6m. in the second quarter.

Bankamerica rise

NEW YORK, Oct. 19. THE WORLD'S largest bank, Bankamerica Corporation, has reported a 12.6 per cent. rise in third quarter earnings to \$93.1m. (67 cents a share), up from \$82.7m. (60 cents a share) in the same period of last year.

The bank said that the increase was due to the continued improvement in net interest earnings—the difference between total interest received and total interest paid—and to an increase in non-interest income.

Loan loss provision in the third quarter was \$32.5m. compared with \$32.7m. in the same period of 1975.

Caterpillar checked

ILLINOIS, Oct. 19. PROFIT of Caterpillar Tractor for the third quarter of 1976 was \$1.23 a share compared with \$1.42 for the similar period last year. Sales of \$1.51bn. were slightly higher than for the third quarter of 1975.

Profit was lower for three main reasons, the directors state. First, there was a small loss on foreign currency exchange compared with a gain of about \$10m. in the year earlier quarter.

Second the adverse effect of the Tax Reform Act of 1976 that reduced profit for the quarter by \$6.1m. And finally the lower provision of the company's affiliate, Caterpillar Mitsubishi, due to the continued depressed Japanese economy.

Profit for the first nine months was \$3.54 a share compared with \$3.50 for the comparable nine months.

Sales of \$3.78bn. for the first nine months of 1976 were \$31.8m. higher than for the similar period.

Sales outside the United States were 67.1 per cent. of total sales for the nine months compared with 56.5 per cent. previously.

Demand continues strong in the oil exporting countries and increased in Europe, but in the U.S. was lower primarily due to reductions from construction and energy-related activities.

UNION

investors were in a 10 market which could another five years or a bringing the Dow-Jones index to 1,500 or beyond by the end of the decade.

The coming day to 12 might, however, prove a difficult period for the market. For the first year of a fiscal term appeared his to be the weakest in year cycle, regardless of elected, while efforts to prices in December added uncertainty and a chance of confidence.

same time, there was still for potential investors to up buying power again to counter the market strength.

Long-term rates, he expected to stay close present level for most remainder of this year gradually increase through 1977, with a typical debenture perhaps rising just over 8 per cent. present to the \$3 to 91 range a year from now.

UMC Italian close

STAMFORD CONN. UMC INDUSTRIES Inc. will liquidate its Italian subsidiary Ismea SpA, a manufacturer of coal-hauling machines.

The decision will result in write-off in the third quarter of approximately \$1.3m. or 30 cents a share, company said.

Drug co. profits

NEW YORK, Oct. 19. TWO OF the leading U.S. pharmaceutical companies, Eli Lilly and Co. and Hoechst, both reported higher third quarter profits.

The profits of Merck third quarter have risen to \$67.3m. compared with \$61.3m. in the same period of 1975.

For the first nine months of the year the company's earnings are \$198m. (\$2.62 a share) compared with \$175.6m. (\$2.33 a share) in the same period of 1975.

Eli Lilly's third quarter earnings are \$42.6m. compared with \$38.1m. in the same period of 1975.

For the first nine months of 1976 the company's total was \$154.5m. (\$2.12 a share).

Polaroid sales

POLAROID CORPORATION reported third quarter net profit of 57 cents a share, or \$1.52m. Sales were \$1.52m. (\$2.01 a share).

McCoy J. said domestic international operations record third quarter sales record sales in the period were due to the demand for Polaroid products and commodities from dealers and customers.

Merrill Lynch view

By John Wicks  
ZURICH, Oct. 19. A MAJOR upturn is forecast for the stock market, possibly starting next year, by the leading U.S. securities and commodities firm, Merrill Lynch. Speaking in Zurich today to the Swiss-American Chamber of Commerce, company chairman Donald T. Regan said he believed

### SELECTED EURODOLLAR BOND PRICES

#### MID-DAY INDICATIONS

STRAIGHTS	YIELD	PRICE	CONVERTIBLES	YIELD	PRICE
Alexis 1983	10.4	104	American Express 4 1/2% '87	10.4	104
Australia 1984	10.4	104	Ashland 1988	10.4	104
Bank of Tokyo 1981	10.4	104	Baxter Foods 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Bechtel Foods 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Borden 1982	10.4	104
Bank of Tokyo 1981	10.4	104	Bradway 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Canon Camera 7 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Carnation 4 1/2% '87	10.4	104
Bank of Tokyo 1981	10.4	104	Chevron 1988	10.4	104
Bank of Tokyo 1981	10.4	104	Dart 4 1/2% '87	10.4	104
Bank of Tokyo 1981	10.4	104	Eastman Kodak 4 1/2% '86	10.4	104
Bank of Tokyo 1981	10.4	104	Electric Light 4 1/2% '87	10.4	104
Bank of Tokyo 1981	10.4	104	Food Corp. 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Freightliner 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	General Electric 4 1/2% '87	10.4	104
Bank of Tokyo 1981	10.4	104	Goldcorp 4 1/2% '87	10.4	104
Bank of Tokyo 1981	10.4	104	Gulf and Western 5 1/2% '86	10.4	104
Bank of Tokyo 1981	10.4	104	Hoechst 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	ITT 4 1/2% '87	10.4	104
Bank of Tokyo 1981	10.4	104	J. P. Morgan 4 1/2% '87	10.4	104
Bank of Tokyo 1981	10.4	104	Kamatsu 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Kimberly-Clark 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Lincoln 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Mitsubishi 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	National 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Norfolk 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Occidental 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Pioneer 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Raychem 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Reynolds Metals 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Sears Roebuck 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Shawmut 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Treasury 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Union Carbide 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Warner Lambert 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Weyerhaeuser 4 1/2% '82	10.4	104
Bank of Tokyo 1981	10.4	104	Xerox 4 1/2% '82	10.4	104

Source: White Wolf Securities.







## INTERNATIONAL FINANCIAL AND COMPANY NEWS

Further losses  
as IRI debt rises

BY ANTHONY ROBINSON

ROME, OCTOBER 19.

AN INDICATION of the enormous organisational and operational problems of the giant State-controlled holding company IRI has emerged from the group's 1975 accounts which show a loss of L76bn. after drawing L237bn. from reserves, on turnover which rose 18 per cent. in monetary terms to L9,668bn.

IRI is Italy's largest single industrial, financial and service conglomerate and as such has been used by successive Governments over the years to carry out investments of a strategic or anti-cyclical nature, often however without guaranteeing an adequate financial coverage for the investments made in this way.

## Indebtedness

This factor, aggravated to a certain extent by a tendency in recent years to use IRI and other State-controlled groups for narrower party political interests, is reflected in a massive growth in IRI's indebtedness in recent years which is a major factor in the group's deteriorating financial position.

Last year, for example, IRI's total financial requirements for investment, depreciation and working capital rose 37 per cent. to L3,328bn. while its overall self-financing capacity dropped by 12 per cent., partly because of massive losses in certain operating areas and partly due to the reluctance of the Government to allow IRI to raise prices and tariffs to keep pace with inflation.

The subsequent deterioration in IRI's overall financial structure can be seen in the fact that IRI's own capital, represented by the so-called capital endowment fund, now amounts to no more than 11 per cent. of total financial resources while 7.5 per cent. is accounted for by the shareholdings of third parties in mixed capital ventures and 81.5 per cent. is represented by long- and medium-term bonds and

## Lossmakers

Two of IRI's principal problems are that the group has invested heavily in basic industries and other infrastructure, largely in Southern Italy, and secondly that it has a major stake in the communications-linked industries hardest hit by the effects of the energy crisis and the higher price of oil. Over 65 per cent. of the group's losses—some L320bn.—are attributable to the Bagnoli steel plant and Alfa-Sud car plant in Naples.

## Moulinex ahead

MOULINEX net third quarter sales were Frs.275.7m. (Frs.232.1m.), including exports of Frs.154.8m. (Frs.128.1m.), bringing net sales in the first nine months to Frs.951m. (Frs.807.3m.) and exports to Frs.497.7m. (Frs.406.5m.). Reuter reports from Paris.

## Osram to record DM40m. loss

BY NICHOLAS COLCHESTER

DESPITE a doubling of its operating profit to over DM14m., Osram, the leading West German producer of electric light bulbs, will record a balance sheet loss for the nine months to September 30 of around DM40m., the new chairman, Herr H. Pletner, announced today. This nine-month period is the longest carried forward would-be paid off by the end of the 1977-78 financial year. Only when this phase of consolidation was complete would Osram con-

The loss arises out of extra costs of DM40m. incurred in aligning Osram's accounting principles with those of Siemens—DM30m. of extra write-offs in Berlin and DM10m. of added pension reserves. Herr Pletner said, however, that the losses carried forward would be paid off by the end of the 1977-78 financial year. Only when this phase of consolidation was complete would Osram con-

At the same time Osram has expanded its turnover in this financial year by 12 per cent. to DM460m. at home and by 8 per cent. to DM740m. worldwide. Herr Pletner, who is also the chairman of Siemens, the owner of 73.6 per cent. of Osram's shares, continues to be optimistic about prospects for the incandescent lamp industry. Osram's results for the year which has just started will be consolidated with those of Siemens.

BONN, Oct. 19.

Bullish  
talk about  
PUK

Financial Times Reporter

THE TRADING situation at Pechiney Ugine Kuhlmann, the French aluminium, chemical, copper and steel producer, has already taken a significant turn for the better, with sales for the first half of the year up by 15 per cent. to Frs.11bn. But Fielding Newson-Smith, a major London stockbroker, anticipates further and substantial progress over the next twelve months.

Sales for this year could total Frs.24bn., thinks Fielding, and the company's high gearing could bring a return to positive earnings. In total, Fielding looks this year for at least a partial restoration of the dividend—probably to Frs.10 against the Frs.7.5 paid in 1975 and deficit of Frs.6.3 a share.

Aluminium is PUK's most important sector and it is here that Fielding sees the greatest opportunities. The French group can claim several important advantages over its North American competitors.

But of paramount significance may be the current pricing situation in the aluminium industry. Prices have risen from under 40 U.S. cents to 48 cents a pound, and no less an authority than Kaiser Aluminium has stated categorically that a price of at least 55 cents is necessary

Astra forecasting a 16%  
sales rise for full year

BY JOHN WALKER

ASTRA, the Swedish pharmaceutical concern, is forecasting a 16 per cent. increase in sales—in its eight-month report—to Kr.1.4bn. (€209m.) for the whole of 1976 and a nine per cent. increase in the pre-tax profit also amounting to 16 per cent.—to Kr.106m. (€15m.).

For the first eight months of this year, group sales showed an increase of 16 per cent. to Kr.946m. compared with Kr.817m. in the same period in 1975. Of the 1976 figures pharmaceuticals accounted for Kr.888m., chemical-technical products Kr.177m. and the Varia division Kr.51m.

Operating costs for the first eight months amounted to Kr.839m., compared with Kr.728m. in the same period last year.

The pre-tax profit for the first eight months is up by 17 per cent. to Kr.67m.

Pharmaceutical division sales in Sweden have developed at a slower rate than anticipated, increasing by only 4 per cent., while exports to North America went up by 14 per cent. and to Latin America by 10 per cent. Combined sales to Denmark, Norway and Finland rose by 34 per cent., the same as sales for the rest of Europe.

amounted to Kr.481m. at the end of the first eight months and the pre-tax profit during the same period amounted to Kr.40m. Parent company liquidity is good, the report states, and liquid resources amounted to Kr.51m. at the end of the first eight months of this year.

Europe, the Swedish building materials group, reports an increase in turnover of 5.5 per cent. to Kr.1.47bn. (€211m.) during the first eight months of this year. Operating costs in the first eight months of 1976 concerned reports. The full effects amounted to Kr.1.35bn. compared with Kr.1.29bn. in the same period in 1975. The opera-

ing profit for the January-August period this year before depreciation went up by 15 per cent. from Kr.108m. to Kr.124m. Euro's delivery volume has decreased during the first eight months of this year, and this includes both building materials and factory products. Only sanitary and bathroom sales materials group, reports an increase in turnover of 5.5 per cent. to Kr.1.47bn. (€211m.) during the first eight months of this year. Operating costs in the first eight months of 1976 concerned reports. The full effects amounted to Kr.1.35bn. compared with Kr.1.29bn. in the same period in 1975. The opera-

STOCKHOLM, Oct. 19.

Brazil Fiat disclaims  
FNM bid negotiations

BY DAVID WHITE

RIO DE JANEIRO, Oct. 19.

FIAT DO BRASIL, the Brazilian holding company for the Italian motor group, has said it had no knowledge of negotiations to take control of Alfa Romeo's lorry-making subsidiary in Brazil, Fabrica Nacional de Motores (FNM).

Fiat bought a minority stake of about 42 per cent in FNM in

1973, leaving Alfa Romeo with the remaining 58 per cent. The remainder in local hands, including the State-owned development bank, Banco Nacional do Desenvolvimento Economico (BNDE).

According to a Press report here, Fiat is seeking to buy a further 18 per cent. thus increasing its stake in the most profitable end of the Brazilian motor industry. Meanwhile, Fiat Automoveis, has begun exports of car engines to Turin from its new 5600m. factory in Minas Gerais.

The factory is due to start commercial production of the Fiat 147 car, a slightly more powerful and robust version of the Fiat 127, by the end of the year.

Output next year is scheduled at 100,000 cars, building up to a total capacity of 200,000 in 1981. The Minas Gerais State government holds a 45 per cent. shareholding in the 5240m. equity capital, due to be increased in stages to 540m.

Fiat's entry into the Brazilian car market—now almost exclusively restricted to locally-made vehicles, because of high import tariffs—was decided in 1973, the same year Fiat took an interest in FNM and before the oil crisis.

At that time, the industry was geared to expanding sales at the rate of 20 per cent. a year, a rate that was cut down to 2.7 per cent. last year.

This has since improved. With production running at just under 1m. vehicles a year, output in the first nine months of this year was 4.6 per cent. up on the same 1975 period at 737,000 vehicles, while sales rose 6 per cent. to 739,000 according to the National Motor Manufacturers' Association.

When full production is achieved in 1981, Fiat aims to occupy 15 per cent. of the car market, half of which is now held by Volkswagen. FNM, which produced 8,500 lorries last year, holds about 10 per cent. of the heavy vehicle market.

Electricity  
Council loan  
oversubscribed

By Tony Hawkins

THE \$500m. 51-year Euroloan for the Electricity Council was very well supported and reportedly some 20 per cent. oversubscribed.

It is possible that the amount of the loan will now be increased, but bankers said last night that no decision had yet been made on this.

The loan carries a spread of 12 per cent. above LIBOR (London Interbank Offered Rate), with the Citigroup Group as lead managers.

A DM60m. Euroloan has been arranged for the Spanish company Empresa Nacional del Petroleo (Enpetrol).

The management group for the five-year credit at a spread of 11 per cent. above LIBOR is Commerzbank, Amsterdam; Rotterdam Bank, Credit Lyonnais and Lloyds Bank International.

Talks on Zaire's external debt problems are to resume in New York on Thursday. This will be the third meeting between a Zairean delegation led by the Governor of the Bank of Zaire, Mr. Ngalu and representatives of the international banks involved in syndicated loans to Zaire estimated at some \$750m.

The two previous meetings were held in London with a Bank of England official, Mr. G. J. MacGillivray, acting as Moderator (Chairman) in his private capacity. Mr. MacGillivray will chair this week's discussions in New York and an official statement is expected afterwards on the progress of the talks.

Zaire is in arrears in making payments on its commercially-held external debts. A formula for its officially-held debts was agreed in Paris earlier this year, but the commercial banks are believed to be unhappy with the suggestion reportedly made by Zaire that its debts be rescheduled over a 15-year period.

Japanese MOF  
throws caution  
to the winds

BY DOUGLAS RAMSEY

TOKYO, O.

THE JAPANESE Ministry of Finance will issue an unprecedented ¥1.3tn. of government bonds on October 22, according to sources inside the Ministry, and all the deficit bonds mean that the Ministry in the Diet (parliament) last Friday allowed the government to float deficit-covering bonds worth a total ¥3.75tn. between now and the March end of fiscal 1978-79 and the MOF has apparently thrown monetary caution to the winds in deciding on such a vast initial instalment.

Bankers and economists are divided on the issue. Some are not anxious to see the government's budget and thus able to call in the bonds. But the banks will need help to take the full ¥1.3tn. which are being told to buy with the Bank of Japan's commercial banks and long-term credit banks will take an estimated ¥1bn. of the deficit-covering bonds, and the remaining ¥300m. will be soaked up by the government trust fund bureau (which handles the nation's post office savings deposits). Of this ¥300m., ¥170m. will be in deficit-covering bonds, and ¥130m. in regular national bonds.

Deficit-covering (or deficit-bridging, some say) bonds carry a 10 year maturity and an 8 per cent. coupon rate. With them the government hopes to finance a public spending deficit which cannot be covered by regular national bonds (which must be labelled for specific project financing).

Now, with the Finance Bill finally passed into law, Japan's monetary policy and the climate on the money market in particular may be seriously undermined. In fact, October is usually a "liquid" month, and one indicator is that the "City" banks have only sold about one-third (¥100m. worth) of their expected bill sales on the secondary market so far, and new corporate issues (also at around ¥100m.) in all October will be less than half the amount expected. But to count on a market staying liquid while pushing out vast sums of government paper is wrong.

Indeed, apart from the issues authorised on Friday, the Ministry of Finance has already issued ¥35m. in regular national interest rates.

More importantly, the Japanese will probably see the realisation of Government by financial institutions secondary market guidance has kept hand trying to pass on the Government bond issues to institutional investors and the financial community often asked for great ability in the matter. N stand to get it.

Window guidance The Bank of Japan will likely have to give in too, lending which it hoped to limit at last quarter's late September period. It is in fact a ceiling on how much the banks can lend on the secondary market so far, and should be changed. It is in fact a ceiling on how much the banks can lend on the secondary market so far, and should be changed. It is in fact a ceiling on how much the banks can lend on the secondary market so far, and should be changed.

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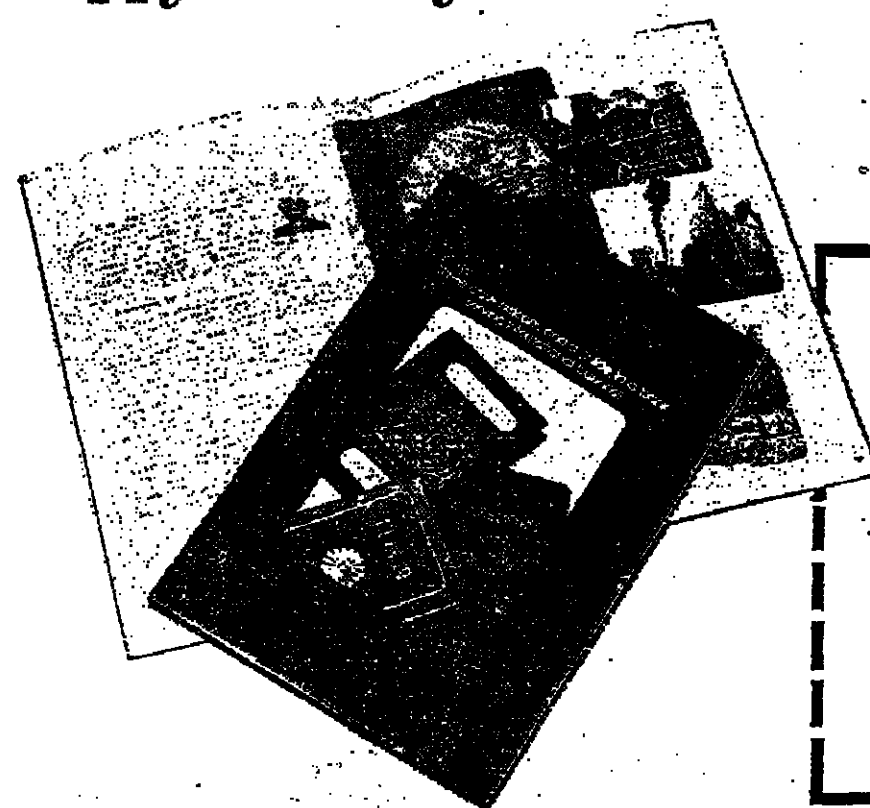
"When a company goes into Europe, the finance director has a tough job.

"He has to plan investment, brief himself on tax and legal matters, plan cash systems and a hundred other things.

"At AMRO Bank, we think we understand his problems.

"Which is why—as well as a complete merchant and commercial banking service—we can provide detailed and expert advice and help on everything from company structure to employment policy, and from mortgages to agents, suppliers and customers.

"If you're a finance director, our area-manager will be happy to send you details of the services we offer."



**amro bank**  
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Position \_\_\_\_\_

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مكتبة الامم المتحدة



Japanese Mo  
hrows cauti  
o the winds

# FINANCIAL TIMES SURVEY

Wednesday October 20th 1976

مكنا من العمل

## European Property

European property values have been re-established after the shocks of 1974-75. In the stronger economies, profitable development is again possible with long-term funding available. But for British investors and developers, the fall in sterling has overshadowed all other considerations. For those with poor funding or unlet schemes, the losses have multiplied.



## European Sign Language.

Behind these outward signs of the European commercial and industrial property marketplace, lie major complexities.

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## EUROPEAN PROPERTY II

## Recent shocks leave their mark

THE FINAL demise last week of Town and Commercial Properties, once comfortably within the top ten of British property companies, was a further reminder of the difficulties of property investment abroad. The group had been troubled enough at home, and was unable after many months to reach a moratorium agreement with the lenders on its U.K. assets. But in trying to secure its home base in the single European property market most affected by the aftermath of 1974, Town and Commercial also had to drag behind the Achilles heel of its foreign developments and investments, predominantly Continental ones. It was an ominously familiar scene: heavy foreign currency borrowings, with assets mismatched to liabilities, and with the main European development a very large and so far unlet Brussels office block.

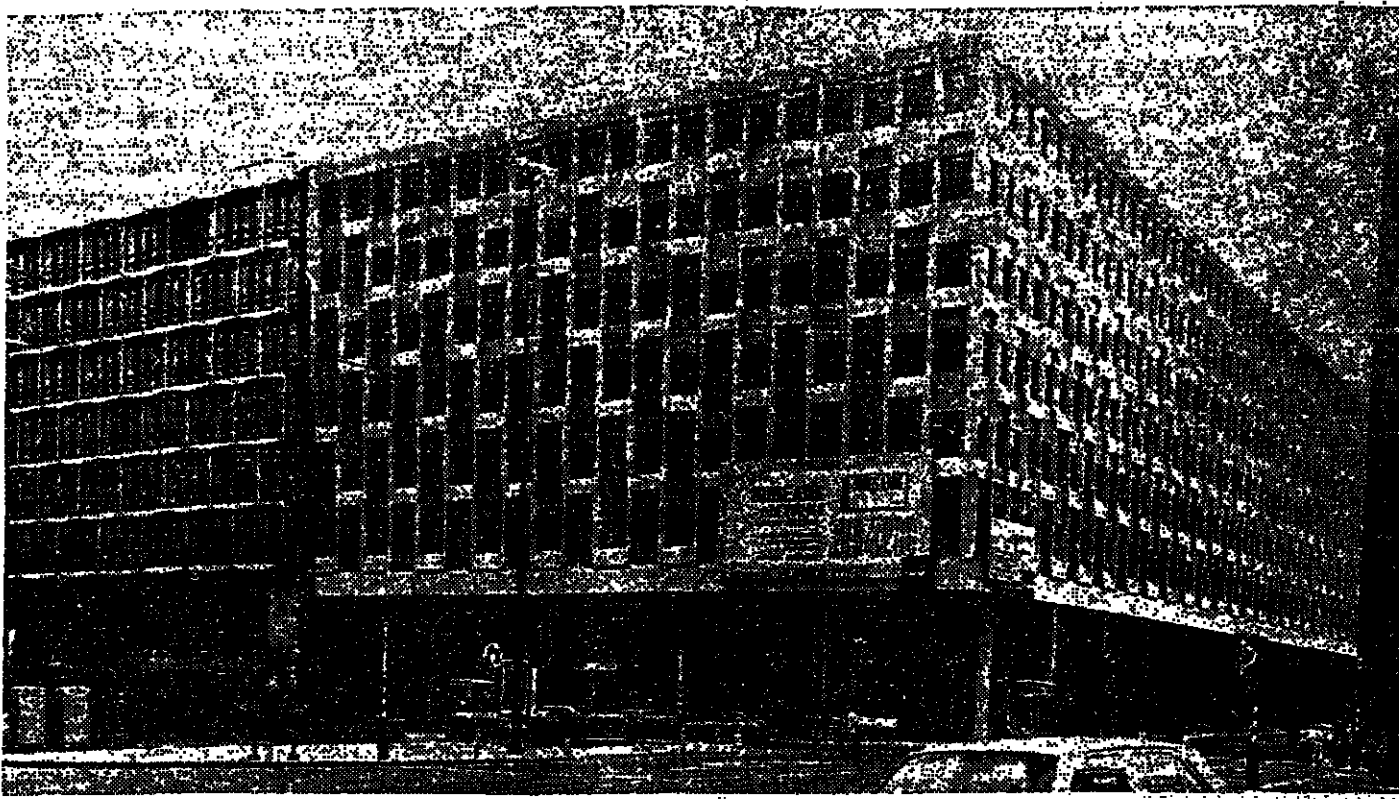
Brussels is, however, a progressively isolated example of fundamental problems in the European property markets. Its gross oversupply of offices is, for instance, contrasted with an improving industrial property market within Belgium. The other Benelux centres—Amsterdam, Rotterdam and Antwerp—have also shown a more active letting market, and investment market, in commercial properties. In France, though the problems of the periphery locations around Paris remain, rents have firmed up and regional centres such as Marseilles, Lille and Lyon are seeing new development.

In Paris, as in several other European cities, institutions are complaining not about yields—though these are anyway comfortably greater than British pension funds and insurance companies buy at in the U.K.—but about shortage of prime investments. In West Germany, though property along with all other industries waited longer than expected for economic revival, this has now come and even in Frankfurt, where office oversupply is most apparent, demand is steady in the good locations.

So the Continental property markets continue a process, like Britain's where values are re-established after a slump that with hindsight looks as inevitable as the boom before. As in Britain, there are several national economies where there is no guarantee against future shocks and a similar doubt over values returning. Nor are present conditions—combined

## Unlucky

MEPC is unlucky enough to be saddled with perhaps the best-known disaster among British property investments in Europe—the Manhattan Centre in Brussels, a scheme introduced to them via a British agent and a British bank, N. M. Rothschild, with the management and service contracts on the building held by, and the rents guaranteed by, a single entrepreneur who went bankrupt. MEPC's holding in the offices in the scheme are almost certainly more viable than the Rothschild Investment Trust (RIT) stake in the shops, but



Jones Lang Wootton are agents for this Commercial Union Properties development in Brussels. The Banque Bruxelles Lambert are already occupying two floors.

even so the write-off of half its more than £20m. invested in Manhattan may not be enough. In the past year it has managed to take over management of the complex and substantially cut outgoings, but the lettings are still not flowing.

RIT has extricated itself, at the cost of about £7m., by selling to local interests introduced by a Belgian bank which provided the trust's loan on the Manhattan. In this, RIT was able to take advantage of the termination allowance in current foreign exchange regulations, repaying its mortgage at the official rate free of premium, a concession which has cushioned losses for several companies and the receivers to those which have failed.

The Manhattan Centre is not the only project in Brussels to hold back even the sounder groups. The sharp fall recently in the share price of Slough Estates, traditionally the London partner investing in these branches is highly unfavourable if losses have to be met. Having usually set up shop on the guarantee of work from British developers and investors, the agents have seen their base business eroded and have had to do the much more difficult thing of attracting local business.

In the process they have had to adapt to property practices quite different from those in Britain. But there too efforts are being made to standardise European practice, something which must be in the interests of the investing institutions, and in this movement the British might play a significant part. Without arguing about fee-charging (such as the five per cent. French sale commission, which along with transfer taxes and stamp duties effectively pushes to 20 per cent. the cost of a sale in France and thus inhibits transfers) there are clearly some useful avenues to be explored without risking anyone's established business.

Fundamental, such as the right to practice and the recognition of professional qualifications have to be worked out, if only because they must eventually be tackled by the EEC authorities. It might be helpful if it were more clearly understood in each country whether agents were acting as client servers or brokers. On measurement, British developers, investors and in many cases agents still think Imperial (as do journalists reporting them) where as we should already be following the architects, quantity surveyors, rating valuers, etc., who are converted to the metric scales. That, however, is a temporary British abnormality whereas there are more important differences in measurement practice which will be harder to standardise. An efficient property market really ought, by now, to have decided some common standards for the London & Leeds chief assessing the gross and net areas of buildings. It will be no easy task, but it is a necessary one.

Similarly, some standard practice would be valuable for the investment market in the treatment of net yields, where British and Continental practice tends to diverge. Common practices in valuation will be even harder to achieve on an international scale than they are proving to be on a national one, but at least some short-hand might be devised to indicate clearly on what basis figures are produced. It is through meetings such as FIABCI's European study days, to be held in London tomorrow and on Friday, that such issues can be aired, and perhaps the panel discussions chaired by Mr. David Yorke and the speech on the U.K. profession from Mr. Robert Steele, Secretary of the Royal Institution of Chartered Surveyors, will throw up ideas for, if not harmonisation, then better understanding of national practice.

If that embodies some poetic licence, then there is also a large measure of poetic justice in the fact that the most successful recent British development in Brussels has been done without the use of agents or spending any money on promotion. London & Leeds Investments (Belgium) SA, a subsidiary of the Ladbroke group in which the National Westminster Pension Fund and Mr. K. Kilstock, the London & Leeds chief executive, also have stakes, completed letting of half its more than 400,000 square foot Square de Meuse scheme in July.

## Negotiations

The occupants are the Belgian Ministry of Justice and it is thought that negotiations are likely to be completed for the other half of this huge scheme to go to an equally impressive public sector covenant. In financial terms, the success of this scheme, with building just completed, rested on a contract which was indexed to 50 per cent. of labour costs, but all material cost increases were borne by the contractor, and on 25-year local funding (backed by the NatWest guarantee) with repayment of capital not starting until 1978.

But while the activities of some British agents in Brussels have represented the property industry at its worst, the professional reputations of those who have stayed there and

in other parts of Europe has begun to climb. That chartered surveyors have something to offer to almost all the local markets is being established in the many branches of British firms whose business is increasingly indigenous. The larger practices like Weatherall, Green and Smith, Debenham Tewson and Chinnocks, Richard Ellis, Knight Frank and Rutley, and Jones, Lang, Wootton have this year received between them a string of impressive instructions for lettings, valuations and project analysis. That German insurance groups, French banks and Dutch investment trusts will trust these expatriate experts—though many of the partnerships, of course, include nationals—is a significant tribute.

It is also an essential one, since foreign branches are in their early years expensive and the taxation regulations for the London partners investing in these branches is highly unfavourable if losses have to be met. Having usually set up shop on the guarantee of work from British developers and investors, the agents have seen their base business eroded and have had to do the much more difficult thing of attracting local business.

## Role

The role of the funds in Europe is, of course, already substantial and has been increased by the selling programmes of developer partners, one of the more significant such transfers being the Post Office Securities' share in the Magasin du Louvre refurbishment scheme in which, despite adverse comment, the fund and its advisers retain great faith for the long term.

The question mark over the funds' involvement in the near future in Europe centres on exchange control difficulties and also on political sensitivity. There is a strong lobby which disapproves of property investment, and particularly foreign property investment, where it claims this capital could be diverted into British industry and create new jobs.

Whatever the rights or wrongs of this argument, the immediate result is that many funds will think twice about going abroad. In the case of the Electricity Supply industry schemes recent investments in the U.S., the point was made that back-to-back loans were used which meant that U.S. companies were using equivalent sums to invest in British industrial projects. Whether such arguments will appease militants should unemployment worsen in Britain is an open question.

Moreover, back-to-back loans for dollar investments are likely to be more favourable to British funds, which anyway are showing more interest in the U.S. property scene at the moment than in increasing their European commitments. The Dutch funds have followed a similar course, though also investing quite heavily in France.

But the British funds will continue to study the European market and will certainly wish to reinvest their profits there. Equally, their interest could be quickly rekindled if gross funds gained tax exemption (they have recently had a fright over the tax question because of a new double taxation agreement between Britain and Ireland, but the new penalties this implied for them appear to have resulted from an error in drafting).

Nor are agents entirely without work from British private sector developers, since in Europe as well as at home the large contracting groups with property arms have maintained some activity. Most prominent this year has been Wimpey, through its 50 per cent. subsidiary Ariel Developments, which produced probably the biggest letting to a private sector tenant by a British company. Through Gonch and Wazstaff, Ariel found the Zalmhaven scheme in Rotterdam and have let the entire building, before completion, to Holland's biggest shipping and transport group, NSU.

Though interest rates in Holland have jumped sharply, it nevertheless still looks the most attractive market to many British developers, with long-term finance available to guarantees as good as Wimpey's and with investment yields for institutional buyers lower than elsewhere (under 7 per cent. for prime offices where Paris would be \$1 to 9 per cent.).

The other area where agents can play an expanding role, particularly in countries like Italy, Spain and in Scandinavia, where they may have little business tied to development, is in the services they provide for trading companies in acquiring or managing premises, particularly industrial and retail ones. Many have found that in acting for multinationals in one country they can start to pick up work from them elsewhere, acting largely as a second opinion for the in-house estates managers.

on its site at Avenida de America.

The group has also escaped facing British companies: the Brussels squeeze with three in a company which has completed properties on the once, and then briefly, Avenue Louise substantially let held anything but and its risk on its only current properties. Land Se development there, in the raised a five-year fixed Avenue des Arts, limited by \$80m. loan in 1974, when partnership with Barclays Bank hard to find such fun International which will be less home and when British ing a third of the space. were being positive

Together with slow but steady couraged to make such lettings on its Sonnestrasse. That was when the Munich project, Heron has also was worth \$2.30, given managed to sell its French de group the equivalent of developments where it either had March 1976, £74m. net a low equity share or did not be transferred from res see long-term growth. In a total cover the loan's increase of more than £20m. of Paris ing value. The value in sales, Heron has disposed of its gone further ahead, h buildings in the Rue de than 30 per cent. ab Miromesnil, Rue Cambon and original worth, but i the large Perisud complex on Securities' case this v the Peripherique in which it meaningless, as it had n assets to show eq European Properties. currency gains. It simpl

The Perisud building, both in letting and in the sale of the investment, proved an exception to the rule of these large offices on the outskirts of Paris proving troublesome. Besides the present oversupply in several areas, there is the added worry of a tougher decentralisation policy which may be implemented through Datur. Not the least of Amalgamated Investment and Property's insolvency problems stemmed from its 430,000 square foot Port de la Villette development. Another giant belonging to a British group is English Property Corporation's 600,000 square feet of offices, partly let, at La Boursiere.

The way in which negative cash flows even on the more modest Paris suburban developments, are crippling some British companies is amply demonstrated by London City and Westcliff where, when Lonrho took control earlier this year, the one-quarter let Centre Nord, at Roissy, near the Charles de Gaulle Airport, was singled out as a major difficulty with which Lonrho might be able to help. The annual loss on this one building, is running at around \$800,000 a year in interest charges.

## Complex

The cleft stick in which Town and City Properties found itself earlier in the year is slightly more complex. While the group's major problems are at home, and its European sales programme has been reasonably successful—the £25m. from the Europepoint sale was against a £22m. book value—much of the proceeds have had to go to leases and break-clause finance unfunded developments mon on the Continent and service the revenue deficit, reminders of the lower

While the remainder was applied to reducing borrowings, the dem or to make deposits against ster- ling since March 1975, meant that by July this year there was an increase of £27m. in foreign currency borrowings expressed in sterling terms. Most of this foreign currency borrowing is matched by foreign assets. So the adverse effect of depreciation on net assets is much less than the effect on borrowings, but nevertheless currency movements were a major reason for its building on Paseo de la Castellana and has started work negotiate its borrowing limits.

Quentin Guire  
Property Correspondent

## Monetary upheavals

THE EUROPEAN currency upheavals of the last month, with the sharp fall in the pound and the revaluation of the German mark two days ago, have further unsettled the financial position of a number of British property companies on the Continent, and, paradoxically, by the fall since just such a depreciation of sterling against the main Continental currencies was offered as one possible attraction of investing in property overseas during the boom period of 1971-73. But this is a reminder that it was not only ignoring the basic property ground rules but also more fundamental economic and financial problems which created the current difficulties.

It is difficult now to recall the heady days of 1971-73 when the bulk of the £1bn. property acquisitions were arranged. The attractions at the time included not only apparently high returns and the growth potential in relatively unsophisticated overseas markets, but also the advantages of an overseas currency hedge which could be financed with comparative ease. In theory, it all looked easy. The developer would buy and develop a site, let it to show a positive margin over finance costs, and then benefit from any adverse movement in sterling—pushing up the value of the profit from the letting and the

## Sterling

The fall in sterling—30 per cent. in the last two years—has in general only benefited those developers with schemes which are completed and fully let and financed on a long-term basis. In other cases, projects were started during the boom period but either completed or, let or let to give returns well below the higher than anticipated finance costs. Consequently a deficit has had to be financed. And foreign banks have been much less willing to agree to the rolling-up of finance charges and this has left a gap which has had to be financed in sterling.

In other cases, sharply rising costs and falling property values have left a large gap between the size of a short-term loan and the underlying value of the asset on which it is secured. Indeed with many companies over-investing in a large percentage of an asset, short-term

the cost of a project in lo- vencies with a small, an negligible, original equi the borrower, this p.oh been quite common. Re: problems of this kind on borrowings were the fin for Amalgamated Inv and Property, while oth panies have had to complicated refinancing ages and sales to cov capital losses.

The rise in the inv- currency premium has eated the problems since foreign borrowings have be topped up in steri oza has been conseque eared. But apart fro where a fall in the cap of the project has bee vated by the increased sterling terms of the lot there have also been p in the many cases w U.K. assets were used lateral for overseas deb fall in U.K. property val had the result that many banks have wante strengthen the security loans which has require ping-up in sterling. This has merely cover cases where the currency the lens have been bilatera sterling has been requir Indeed with many companies over-investing in a large percentage of an asset, short-term

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# EUROPEAN PROPERTY III

مكنا من الجهل

## Wide gulfs in the professions

THE subjects covered by the treaty of Rome were the subjects of commercial and legal practices within member nations of the market. It laid down different regulations and is applying to the professional bodies but much still to be done by the framework of the different institutions. Only this year the institution of Chartered Surveyors published a book on structural industry in one of the most aspects of the work clear definitions of the terms used.

Other differences in leases include the practice of indexation, frequently discussed for introduction in the U.K. although not yet a serious possibility, but a tradition in Europe. Under the system, a lease is begun at a market rent which, thereafter, is linked to a form of cost of living index and automatically increased in line with it at annual intervals. In some countries this coincides with "break clauses" in the lease—regular periods (usually of three years' duration), at which the tenant has the right to terminate his lease, and attempt to create a new one at market rent. The overuse of this permits the landlord to revert to a market rent after a period of indexation (sometimes after nine years).

for

small differences alone dramatically alter the for which the investor get—a factor emphasised in by Jack Rose who all the main redemption to take account of the from payment annually ears to quarterly in there are more funda-

mental differences in typical leases in the different countries. In Britain, the normal lease is on a "full repairing and insuring" basis, whereby the tenant is responsible for full structural repairs, for arranging his own insurance, and for restoring the premises to their original decorative state when he vacates. In Germany and France it is not usual for the tenant to incur these responsibilities. They are normally part of the landlord's expenses.

The effect of this difference on yields is obvious. Whereas in Britain it is a simple matter to arrive at an investor's running yield by expressing his rental income as a percentage of his purchase price (net of purchasing costs), in either of the other countries the investor needs must deduct from his rental income insurance costs and a sinking fund for redecoration and structural repairs. Consequently, in inflationary times, particularly, it is extremely difficult for an investor abroad to estimate his net yield.

So much for the differences between practices and terminology of leases and rents. A more fundamental difference lies in professional practice. Two of the most important property-linked professions in the U.K., quantity surveyors and chartered surveyors, are simply not known in the rest of Europe. Their roles—or approximations to them—are taken by architects and engineers, and estate agents respectively.

The system has benefits and drawbacks. It permits the tenant to budget with some accuracy for future rental outlay while

at the same time permitting him to take advantage of market levels should they be lower than the indexed levels. For the landlord, the advantage lies in a rent which at least keeps pace with inflation and does not have to be made up in arrears at, say, a five-year review. Its disadvantage, when linked to a break clause, is that the tenant can terminate his lease at frequent intervals.

### Strained

Today, there is much less clamour for indexation to be introduced to Britain as the system is strained by inflation and precarious economies. It is now common practice in France for landlords to waive their rights to an indexed increase in order to persuade tenants not to activate the "break clause". In Britain, landlords are protected by the five-year reviews, which are normally "upward only" and are made within the terms of the lease which is usually for 25 years and binds the tenant to responsibility for the full term.

Much damage has been done to the reputation of the profession and it will make the task of the international bodies all the harder. However, this is a passing phase; much more difficult will be finding a financing system which will be acceptable in all the countries. Britain is among the few countries to have a basic scale of fees laid down by a professional

body with a right of appeal. It is also one of the very few where the estate agent receives only his fees and not some portion of the equity or capital value of the project as an additional "sweetener".

At present, investors looking for property abroad tend to require between 1:2 points higher initial yields in Europe than they would at home—and a generous half a point would be related to the higher professional costs. Elimination of national differences in fee-charging will be the biggest hurdle to internationalism. The Treaty of Rome's "harmonisation" is a long way off.

Christine Moir

Against this must be set the fact that in Britain there are no regulations for the licensing of estate agents. Discipline is enforced only by the professional bodies who have no statutory powers to put teeth into their punishments. In both Germany and Belgium laws are now pending which will strictly control the activities and practices of these groups.

Both the Royal Institution of Chartered Surveyors and RIAECI, the international association of estate agents, are attempting to create an internationally acceptable norm for the profession, presumably with the intention finally of establishing an international qualification and professional body to which all member States of the EEC will comply.

But that is a long way off indeed. In the meantime, despite the deservedly high prestige of the British chartered surveyor at home, his reputation abroad is not as good as it might be.

The cause is to be found in the scramble in which British surveying firms followed U.K. property companies into Europe in the early 1970s. Too often, a relatively junior member of staff was sent to open a branch in the European capitals, chosen on the simple basis of fluency in the language and not on the basis of his professional expertise. At the same time the partnerships continued to vaunt their combined expertise in local markets where the local man could not maintain the standard.

Both MEPC and Town and City have faced currency embarrassments of this kind and there are several other examples among smaller companies and the only practicable solution has often been to try to repay the loan as soon as possible in order to stem the losses. But it is, of course, often virtually



Steigerberger, the hotel and property group, have appointed Weatherall, Green and Smith as letting agents for this office block in Frankfurt

## Upheavals

CONTINUED FROM PREVIOUS PAGE

raised in the currencies where impossible to see a half-cent building to raise the necessary money.

But more complicated problems have arisen because of mismatching—the classic case has been Land Securities which has had to make large continuing provisions against its U.S. dollar loan though it has no property overseas which could show a similar appreciation in value. Several companies which acquired property on the Continent mismatched in more subtle, though nonetheless hazardous, ways by arranging U.S. dollar or Swiss Franc loans, offering apparently cheap low interest rates, and then acquiring property in a different country.

Both MEPC and Town and City have faced currency embarrassments of this kind and there are several other examples among smaller companies and the only practicable solution has often been to try to repay the loan as soon as possible in order to stem the losses. But it is, of course, often virtually

impossible to see a half-cent building to raise the necessary money.

It is certainly hard to envisage the currency positions of British property companies in this and other dilemmas becoming easier. Consequently, any company acquiring a project overseas must raise the money in the local currency.

This would follow the practice of many major international trading and manufacturing groups which as a matter of course do not take currency risks in raising their capital.

But that still leaves potential problems where a local loan is backed by a matching asset in the U.K. though foreign lenders are much wiser of lending to British property groups than they were.

The other solution—of transferring sterling abroad—is effectively closed after the ending two years ago of the concession which allowed £1m. to be exported from the U.K. per project per year. This conces-

sion is highly unlikely to reappear in the near future in view of the U.K.'s balance of payments difficulties, while the effective rate of the dollar premium is prohibitive.

### Movements

But it has not only been currency movements which have created problems for British developers but also more general economic changes such as rising interest rates and internal demand policies. The worldwide rise in interest rates in 1973-74, of course, created many of the initial difficulties for property companies. While rates are much lower on the Continent than in the U.K., they are still higher for this stage of the economic cycle than previously. Indeed the most recent movements in interest rates in many of the main Continental countries have been upwards.

Moreover, while the recovery has been more soundly-based in many Continental countries than

in the U.K., concern about a possible resurgence of inflation has generally meant a tight rein on the rate of economic expansion, as seen, for example, in the recent package in France. This has had implications for the monetary background but also for the level of demand, and, more specifically, for accommodation.

One of the main errors of many developers in 1971-73 was to assume not only a larger rental market than existed but a stronger underlying level of demand and economic growth than has existed. And while the developers of the early 1970s may have been right to assume that the Continental economies would grow faster than the U.K. over the long term, their expansion may still be low by historic standards, to judge by the latest revision downwards of the OECD forecasts.

Peter Riddell  
Economics Correspondent



## JONES, LANG, WOOTTON IN EUROPE

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101x Astro, 14, Avenue l'Astronomie, 1180 Brussels. An ultra-modern office tower, 13 floors, located in one of the best positions in the heart of the Quartier Leopold, adjoining inner ring road and in close proximity to public transport facilities and shops. This is undoubtedly one of the finest and most elegant buildings in Brussels.

Total lettable area: 376,747 sq.ft. (35,000m<sup>2</sup>)  
Floor area: 10,549 sq.ft. (980m<sup>2</sup>)  
Availability: Immediate—apply Brussels  
Boulevard de la Woluwe, 1180 Brussels. An office building situated on the angle of Avenue de Tervueren and Boulevard de la Woluwe. An easily accessible site benefiting from direct connections towards the town and the airport with a magnificent view surrounding parks.

Total lettable area: 91,493 sq.ft. (8,500m<sup>2</sup>) on ground + 6 upper floors  
Floor area: 13,455 sq.ft. (1,250m<sup>2</sup>)  
Availability: Immediate—apply Brussels

### FRANCE

72 rue Régnault. This office building situated in the South of Paris benefits from good communications from North to South, including the inner and outer ring roads. The building offers numerous internal layout possibilities.

Total lettable area: 107,579 sq.ft. (10,000m<sup>2</sup>)  
To let: Apply Paris  
Palaisau-Jones, Lang, Wootton are instructed as exclusive agents to find a tenant for this modern industrial and distribution premises. The building is situated in the attractive zone of Palaisau (10 miles from Paris).

Total lettable area: 129,167 sq.ft. (12,000m<sup>2</sup>)  
To let: Apply Paris

### GERMANY

2 Hamburg-Grosser Burstah 46-48. A newly completed headquarters office building. The accommodation is air-conditioned and is arranged on 6 floors. The ground floor and basement are suitable for banking/shop accommodation.

Total lettable area: 22,604 sq.ft. (2,100m<sup>2</sup>)  
Availability: Immediate—apply Hamburg  
Amsterdam, Vijzelstraat 78. Keizersgracht 603. An exclusive office building situated in the heart of the financial area of the city. The property is fully carpeted and has full central heating with climate control, together with acoustic ceilings and fitted light apertures. Total lettable area: 77,820 sq.ft. (7,200m<sup>2</sup>)  
Availability: Immediate—apply Amsterdam  
Leiden. This warehouse space is located in the suburbs of Leiden very close to highway E 10, with Rotterdam and Amsterdam, a mere 35 kilometres away.

### HOLLAND

Amsterdam, Vijzelstraat 78. Keizersgracht 603. An exclusive office building situated in the heart of the financial area of the city. The property is fully carpeted and has full central heating with climate control, together with acoustic ceilings and fitted light apertures. Total lettable area: 77,820 sq.ft. (7,200m<sup>2</sup>)  
Availability: Immediate—apply Amsterdam  
Leiden. This warehouse space is located in the suburbs of Leiden very close to highway E 10, with Rotterdam and Amsterdam, a mere 35 kilometres away.

Total warehouse storage space: 117,000 sq.ft. (10,800m<sup>2</sup>)  
Total office space: 21,528 sq.ft. (2,000m<sup>2</sup>)  
To let in units of 10,764 sq.ft. (1,000m<sup>2</sup>)  
warehouse storage space with 1,347 sq.ft. (125m<sup>2</sup>) of office space.  
To let: Apply Amsterdam

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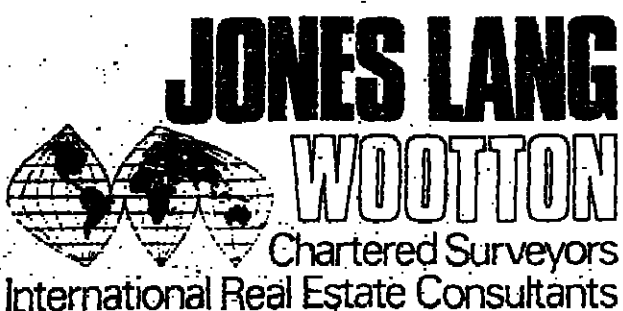
Cumberland House, Dublin 2. Cumberland House is a comprehensive new air-conditioned office development, the accommodation being arranged on ground and upper floors. There is a car parking facility for 170 vehicles at ground and basement levels. The development is excellently situated adjacent to Merrion Square and within 400 yards of Government Buildings at Upper Merrion Street.

Total lettable area: 118,000 sq.ft. (10,900m<sup>2</sup>)  
To let: Apply Dublin  
54 Hagley Road, Birmingham. A first class office development in the city's prime commercial location. The accommodation is completed to a high standard and incorporates the following features: full air conditioning throughout, a four resistant tinted glazing, suspended ceilings, generous provision of passenger lift and parking for 120 cars. Total lettable area: 142,000 sq.ft. (13,200m<sup>2</sup>)  
Availability: Spring 1977  
To let: Apply West End Office

### ENGLAND

Centenary Estate, Jeffries Road, Enfield, Middlesex. A first class warehouse factory development.

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## EUROPEAN PROPERTY IV

## BRITISH DEVELOPERS

## The horizon less overcast

THE AIR has almost completely cleared over Europe and it has become possible to attempt to assess the role of the British property developer since the early '70s. Taken all in all, the result is not as poor as it might have been some 18 months ago.

Then, the vast number of empty office blocks, the growing mountain of foreign borrowings, the threat of sterling's collapse, and development commitments still retained, made up a recipe for disaster.

To-day, the only element of major concern is the continued weakness of the pound relative to the main European currencies.

Few British property companies are so exposed in Europe that this would be the main cause of financial collapse. Development commitments have been eased out of, relatively cheaply; those empty buildings are finally starting to let; sales are once again possible — at yields which are within all but the most unrealistic budgets; and borrowings have been steadily reduced.

One might almost say that getting out of Europe has been more businesslike than getting in.

It is now clear that the concept of development in Europe in the early years of the decade was not wrong. A generation after the war, the major capitals were lagging in providing modern commercial accommodation. British developers had the experience of developing inner city sites which made them best fitted for the task. The tradition for companies to own their headquarters was due to change in favour of renting office space. Capital could be raised to make large-scale building possible.

## Recession

So what went wrong? In the first place—a world wide inflationary recession. The rate at which inflation escalated and then the depth of recession into which the Western world was flung, would have overturned even the most cautious budgeting. But, to be truthful, British developers' budgeting was not cautious.

They recognised only part of what inflation meant for the property market—that its continuation would increase rental income on the completion of development well beyond the historic cost of building—and made little attempt to match

historic cost with historic rental level budgeting.

In so doing they forgot the other side of inflation—that it would force up building costs and the cost of money, with no guarantee that either would be matched by inflated rents—and they got caught.

In the second place, the pace at which they carried out their development programmes, the scale at which they built, the numbers of buildings which were erected within walking distance of each other almost simultaneously, was a recipe for disaster in itself.

Two factors blinded British developers to the repercussions of this accelerated programme. The first arose from the nature of town planning in the U.K. A history of tight planning control in Britain's major cities has made it virtually impossible for supply to seriously outstrip demand. Consequently, British property men had not the sophistication in assessing demand and its effects on rental levels as had, say, the Americans, where negligible planning control had made it a crucial factor in budgeting.

Secondly, British developers were let down by their professional advisers. In the early years of the European boom, British estate agents and surveyors churned out forecasts of demand and rental growth which showed unlimited scope for building. With the benefit of hindsight, it is now clear that they were simply uninformed—they had, after all, only recently established themselves in completely foreign cities—particularly about local attitudes to decentralised areas around the main centres.

Even when demand and supply ratios were seen to be out of step, estate agents and developers failed to call a halt. (Perhaps because they were already too deeply committed but also because of continuing blindness.) At this point they relied on the superior quality of their accommodation and the undeniably superior quality of their letting programmes, to fill their properties.

As it turned out, European companies remained indifferent to marble entrance halls and carpeted offices where these increased the rent, and local agents soon learned to compete in letting techniques.

At this point, all would still have been well had the pound not started to come under pressure, increasing the capital debt for British-based companies at

the same time as interest rates everywhere took a sharp upward turn.

And yet the disaster has not been as monumental as might have been expected. When Amalgamated Investment and Property crashed early this year the cause was immediately put down to its enormous empty Periferic office block in the suburbs of Paris. The theory was false. Over-exposure on all fronts was the cause, not one particular European mistake. So it has been with MEPC. The much-talked-of problem over the Manhattan Centre in Brussels has been solved through the sale of the property at a figure which is relatively satisfactory.

Other companies which have managed to let their properties, albeit slowly, are now finding it possible to sell the completed

investment for yields around 8-9 per cent, thereby achieving figures higher than book value in most cases and substantially reducing foreign borrowings.

## Selective

Pure investors have even done quite well. The major institutions in Britain embarked on a selective programme of buying in Europe and there have been few disappointments. Unit trusts and insurance companies have not been in the market to unload the properties they bought even at the top of the market.

Even for some development companies their European programmes have been a success. The privately owned Reamhurst group, now bought by a Life company, managed to avoid most troubles, even though it

had to abandon at least one ambitious scheme. And the previous owner, Julian Markham, has sufficient confidence to set up a new company, Glengate, which will be considering further European schemes.

Developers of smallish shopping centres throughout Europe, but particularly in the Netherlands, have flourished. While some industrial schemes have floundered, most of these have provided a good return. And there, perhaps, lies the clue to success in the future.

Shopping centre development is accompanied by the most stringent studies of demand, while industrial schemes can be phased to meet actual demand. Both forms of development also lend themselves to custom-built operations, turnkey projects for individual retailers or manufacturers. It may well be in this

sector that real profits of the next few years.

Of course, commercial development is not confined to shops and factories. The Land Group, for instance, won a Fr.25m. contract from local authority at Suresne outside Paris, to build phone exchange and bus at Longchamp. Other companies have won contracts where an elegant speculative office space included to narrow a development margin.

As U.K. property men out of recession, and for trauma of the past three years, Europe many are beginning to realise that the Continent still offers opportunity for long as demand carefully quantified.

Christine

## FRANCE

## All too familiar scene

THE FRENCH economy is beginning to take on an appearance familiar to British property men. Rises in corporation tax, a hike in bank rate, a squeeze on credit, a special tax on inflationary profits, and, above all, a price freeze—the British this year has seen all these before.

The climb out of economic recession is not proving easy in France. Last year was supposed to see the first upturn, with gross national product growing by 2½ per cent. In the event GNP was down by 3 per cent. The upturn has proved just as elusive this year, leading the Government, finally, to impose an anti-inflationary package which is not finding ready acceptance.

For the property industry the crucial elements are, a freeze on prices of all goods and services for three months to December 31 followed by regulations curtailing growth in prices throughout 1977 to a maximum of 6.5 per cent. An increase of 4 per cent in Corporation Tax. A special tax on inflationary profits (actually created in 1974 but not previously applied). A rise of 1 per cent in the Banque de France's discount rate from 9.5 per cent to 10.5 per cent, already followed by a ½ per cent rise in the lending banks' rates and promise of a reduction in VAT in 1977 from 20 per cent to 17.5 per cent.

It is not yet clear how much the rent freeze will affect the industry. Landlords have already been foregoing the full increases permitted under the indexation system rather than see their tenants apply their break clauses, because open market rents have for a couple of years been lagging behind indexed rents. So the threat of a maximum 6.5 per cent increase next year may not be serious.

Just how the three-month freeze will be applied is still a matter for conjecture. It seems possible that landlords will be able to recoup any losses during the coming year because of indexation, at least for relettings, and it would be difficult to apply a freeze on new lettings.

From the tenants' point of view, however, the thought of a curb on rents may well encourage activity with the result that lettings may be stimulated. But that is for the future.

In the meantime, the French letting market is improving, but cannot yet be called buoyant. Large office blocks on the periphery are still proving difficult to shift, even though landlords of these blocks continue to waive indexed increases.

Rental levels have got back to respectable figures again with Frs.1100 not uncommon in the most prime avenues in Paris. This is the absolute top, of course, and the average prime figure in sought-after central locations is about Frs.700.

## Supply

There is still a considerable supply of office accommodation in the Paris region. One French agent recently put it at some 538,000 square metres for central Paris, 1.17m. square metres in the inner suburbs and 300,000 sq. metres on the fringe. These are the figures for availability up to 1977 and the agent believes some 1.2m. square metres to have been supplied already.

On the industrial front the figure for supply looks much less daunting now that the usually quoted figure of 2.5m. square metres has been whittled down to 1m. through the combined effects of take up and the abandonment of schemes in the

pipeline and therefore included in the earlier total.

One British agent, Weatheralls, revealed that it had let or sold some 35,000 square metres of industrial property during the first half of this year which indicates some degree of buoyancy in the market.

Top lettings appear to be around the Frs.150 level with investment yields between 10.5 to 11.5 per cent for the very best.

Outside Paris it is more difficult to sort out the trends or to quantify them, but there does appear to be a small market for provincial office blocks in the main centres at 10.5 per cent plus. The Marseille office market, in particular, is said to have been given a boost from the re-opening of the Suez Canal, which must be good news for Weatheralls who have 11,500 square metres to shift in the Swiss-owned Europrogramme office block.

Returning to Paris for a moment, the best long-term hope for the letting market is the shortage that will be the inevitable effect of the new planning restrictions. With the exception of the Cite Financiere, where developments for banks and insurance companies are to be encouraged, central Paris is to be restricted to a maximum of 70,000 square metres of new building. For

the whole Paris region the total is a mere 900,000 square metres—less even than the similar restrictions applied to the Greater London area.

The main news coming from the capital in recent years, however, has not been of building but of sales. This year has been notable for some particularly large sales such as Chesterfield, Ronson's Opera St-Anne which sold for Frs.95m. to a French insurance company for the very low initial yield of 8 per cent. This sale brought to £23m. the sum the company has raised from sales of French properties over the past year but still leaves it with two Paris investments, one in Lille and another in Bordeaux, in addition to a half share in two more Paris developments with Unilever. The aim of the sales—as for so many other British companies—was the reduction of foreign borrowings and release from guarantees.

## Difficult

Another French investment company, bought by Swedish Securities, small Rue d'Aguesseau block for a yield only a half point more, and several of Heron's £22-£23m. worth of sales are thought to have been at, roughly the same levels. Certainly, they were above book value. Most difficult to shift,

and, therefore, the most able sale, was the En Peris block, which was by an international consortium.

But if sales were the of the day, not all were of a cheerful note. In two cases the original funders left with the properties the developer was able to away. Argyle's sale of its in the 400,000 square ft. furnished at Magas, Louvre left it with a respect profit but has also left the Office with a £50m. liability. And Mackenzie H. walked out of its Paris with Berkley Hambro Bishopsgate leaving the linked companies with a portfolio of around £30m.

But the oddest sale of the year — and the mystery — be no closer to resolution, not by a British company, but by a French man. Rob Balkany, apparently in a pique against France's tax system, has sold his majority share in SOGIM, the co which controls the great Parisian Paris II Velizy Rosny II among others, to Internationale Immobiliere. The price tag was a wh Frs.450m.

One wonders what Mr. d. any thinks of the new tax ages and what effect the have on other potential

Christine

## SCANDINAVIA

## Firmer hopes

THE ECONOMIC prosperity of Scandinavia has so far not been followed by the establishment of a property investment market on the scale seen in other parts of Western Europe. Foreign investment, and particularly particular interest to contract foreign investors. Significant groups, its traditional benevolence in terms of aid to the Third World.

The strength of the Swedish contracting-developing companies coincides with a period when their British counterparts are reasserting their place in the property market after a period when the development investment company was paramount. There seems some logic in joint venture arrangements, since the British companies are looking outside Britain in terms of retaining assets and also in reliance on Arab contracts, and the Swedes would perhaps like to gain introductions to a wider world market.

The underdeveloped state of a market, in the British sense, is indicated by the fact that in Norway there are no quoted property companies and in Sweden only five. That, however, is talking of pure property companies and in Sweden the larger construction companies have maintained a property role and have lately bought stakes in some of the quoted property investment companies.

These are among the main forces in the Swedish investment market, but, apart from retail areas that is in Britain normally associated with speculative development. The main office area on the northern bank of the Malaren Lake is established as the area where rents are highest—up to around Skr.500 per sq. metre a year—but there are extensions to both the immediate east and west and, further to the east, around the harbour, are two areas in Lidingovagen and close to the Gardet Plain which have attracted prime covenants.

The tradition of owner-occupied remains strong, but gradually there is a more active many brokers and devel

pean market, to be a period of stagnation for its forest industries. Added to this is the majority of financial strength of its multinational property comes through groups like Atlas Copco, SKF, ASEA, Volvo and Saab and, of course, not to recommend it to foreign investors. Significant groups, its traditional benevolence in terms of aid to the Third World.

The strength of the Swedish contracting-developing companies coincides with a period when their British counterparts are reasserting their place in the property market after a period when the development investment company was paramount. There seems some logic in joint venture arrangements, since the British companies are looking outside Britain in terms of retaining assets and also in reliance on Arab contracts, and the Swedes would perhaps like to gain introductions to a wider world market.

## Speculative

For development inside Sweden itself, the market has seldom borne any large percentage of speculative schemes. But Stockholm is a capital which has seen the type of breaking-out from established office and

retail areas that is in Britain normally associated with speculative development. The main office area on the northern bank of the Malaren Lake is established as the area where rents are highest—up to around Skr.500 per sq. metre a year—but there are extensions to both the immediate east and west and, further to the east, around the harbour, are two areas in Lidingovagen and close to the Gardet Plain which have attracted prime covenants. The tradition of owner-occupied remains strong, but gradually there is a more active many brokers and devel

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WEST GERMANY

# An obstacle course

HAS always been a quoted recently as saying, "We and egg argument about the pace for the British in the European property market. In Germany the developer won by a narrow margin. The Association claimed that the present tenants of British owned properties included clothing and shoe shops, furniture stores and other businesses unable to pay the vastly increased rents. But it is not only high rents which are worrying Germans about proposed British developments. Another very familiar cry comes from German conservationists who are anxious to see as much of their towns and cities preserved as is possible. What these bodies resent more than anything is when old buildings are torn down and replaced by what the Hamburg magazine Der Spiegel calls "business palaces"—in other words office blocks. The magazine recently carried a report that occupants of properties in the area of Grosse Bleichen in Hamburg had formed a residents' initiative group to resist British developers. The group wrote to the Hamburg authorities demanding that regulations should be introduced to block or restrict developments which would force existing business firms out. The Der Spiegel article quoted Hamburg estate agent Herr Hans Iska-Holtz as saying that British firms were pursuing a "totally unrealistic" policy of speculation which could only backfire. Der Spiegel stated that Capital and Counties Property had paid some £15m for a 100,000-square-foot building on Grosse Bleichen and planned to redevelop it at a cost of a further £17.5m. The magazine need have no worries about that particular scheme in the short term. Clearly at this stage C and C is in no financial position to borrow the level of funds needed for such a development. But there are also worries about a nearby building, the Kaufmannshaus, which was bought by BP Pension Trust in

August 1974 for around £13m. Der Spiegel pointed out that the building houses some 120 small firms—firms which are unable to afford to move to modern expensive offices and who prefer to be in a central position. The huge 220,000-square-foot block was BP Pension Trust's first overseas purchase. Built in 1905 as a prestige business house, it has a basement and five upper floors. Much of its original fabric has been lost, partly as a result of war damage and partly because of construction work carried out in 1952.

## Modernisation

When BP bought the property it housed a great many tenants, but the fund's property advisers, Debenham Tewson and Chinnocks, said the building's accommodation was not in keeping with its prime position. The Fund appointed a firm of local architects to draw up plans for the complete modernisation of the building. The scheme which was eventually produced won immediate approval from the Hamburg planning authorities. Part of the Fund's restoration and refurbishment plans included the redesign of much of the original facade of the building. There will not be much extra space at the end. The redevelopment will only add some 20,000 square feet of floor area to the original 220,000 square feet. The total cost is about £8.5m. Clearly BP Pension Trust will argue that small firms who cannot afford market rents should not be located in prime positions, but local reaction against the British developer will intensify as more and more of the smaller firms are forced out. If conditions on the British property market do not improve although Weatherall Green and Smith state that recent transactions point to a net return of between 9 to 9½ per cent, for the very best properties. It is still possible to fund property development in Germany. A classic form of financing would be to arrange an overall package whereby a German Mortgage bank would

produce the majority of the property as the economy moves away from recession, relatively cheap long-term finance, low inflation rates, stable building costs, secure long-term investment markets (but a shortage of prime investment propositions) and first-class development opportunities in all major cities.

The recession has been the longest since the war. It reached its lowest point in Germany in the middle of last year, and has since given way to strong recovery. Recently there has been a slight improvement in unemployment, there is a low rate of inflation and the Deutschemark continues to appreciate.

Weatheralls suggest that the underlying property investment market in Germany is sound. From the summer of 1973 until the middle of last year the market was quiet in contrast with the previous five-year period.

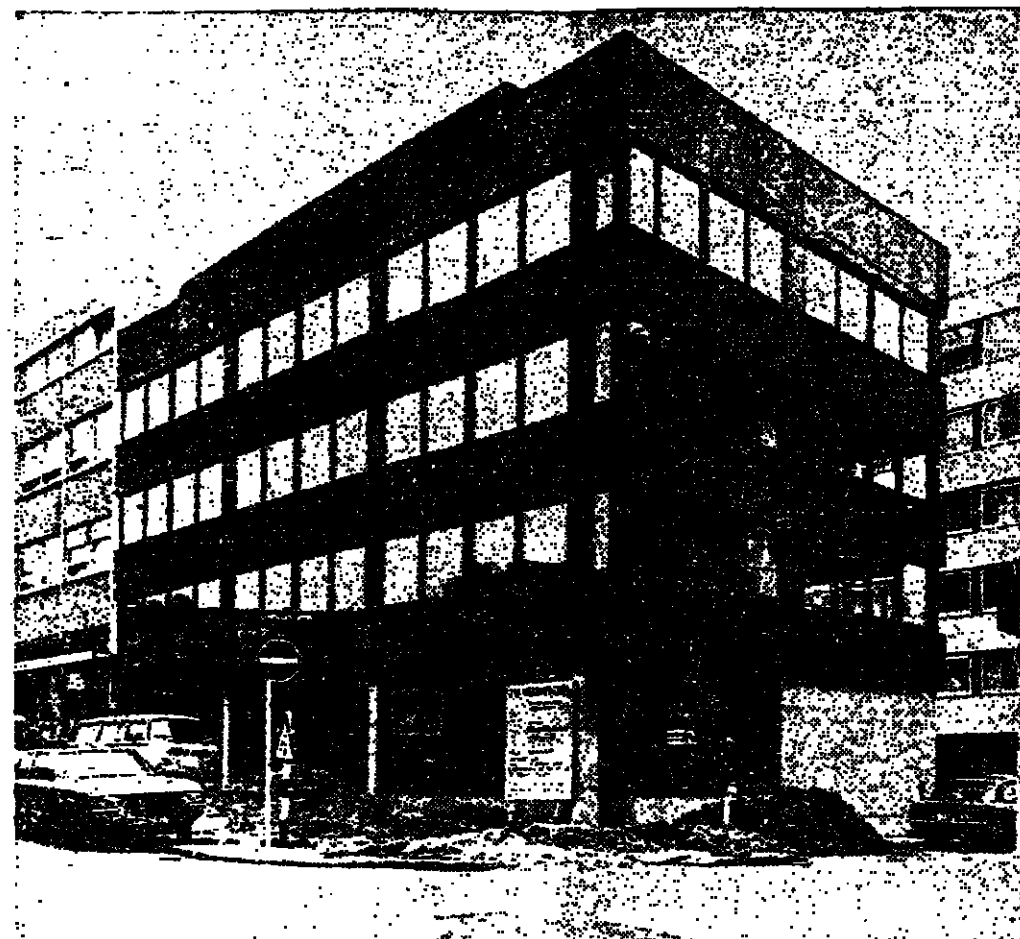
During the past 12 months, however, market activity has picked up appreciably although values have not climbed to earlier high levels. Nevertheless, there can now be said to be a sound, underlying investment market for good properties in both the residential and commercial sectors.

Prime yields for central area office and shipping investments in the largest cities command net yields of 6-8½ per cent, or 14-16 years purchase of net rental income. In smaller towns, or for secondary properties in the major cities, returns of between 6½-7½ per cent, or 12½ to 14 years purchase are normal.

Yields in the warehousing and industrial sectors are more difficult to define owing to shortage of market information although Weatherall Green and Smith state that recent transactions point to a net return of between 9 to 9½ per cent, for the very best properties. It is still possible to fund property development in Germany. A classic form of financing would be to arrange an overall package whereby a German Mortgage bank would

produce the majority of the property as the economy moves away from recession, relatively cheap long-term finance, low inflation rates, stable building costs, secure long-term investment markets (but a shortage of prime investment propositions) and first-class development opportunities in all major cities. Normally this would be around 60 per cent of total development costs including rolled-up financing and a rent void financing period if required, with the balance being provided by one of the major commercial banks. The mortgage would normally be prepared to advance the money for a term of between 20 and 25 years with fixed interest rates for the first five or ten years of the loan. Amortisation, normally at 2 per cent, would be a requirement but it should be possible to negotiate a holiday for the initial years of the loan in order for a sufficient cash flow surplus to be built up. Current interest rates on a 100 per cent payout are in the order of 8½ per cent for five year fixed interest money and 9 per cent for ten year fixed interest money, although market trends are now rising.

Rory Ferguson



Richard Ellis have been retained by Motorpresse Verlag as agents for this office block in Stuttgart

## Scandinavia

CONTINUED FROM PREVIOUS PAGE

companies are linked; or finally "and perhaps most sensibly," says the report, entering joint ventures with local building and development companies.

In contrast to the difficulties of entry into this market, Denmark has proved relatively easy of access since the country's entry to the Common Market broke down the prohibitive nature of legislation in regard to ownership of Danish property by foreigners.

The results of their Danish interests for groups like the Magnum Hotel Group, Westward Commercial Holdings or Benedict Holdings have largely been dictated by difficulties elsewhere. Nevertheless there have also been some severe disappointments for other British developers and also for British retail groups attracted to the well-defined prime retail sections of Copenhagen. Nevertheless, the Chester-

tons' report concludes that the market in Copenhagen is showing signs of improvement (the lifting of rent restrictions being a factor) and that although there is over-supply in some areas this is not excessive. With the economy scarcely buoyant, but showing signs of uplift, the central areas of the capital around the Stroget, the Christiansborg Palace, the Town Hall and the Nyhavn, are still in demand.

Well refurbished buildings in such areas have shown rents up to Dkr.650 per square metre on smaller lettings, but the levels of Dkr.850 or Dkr.900 per square metre achieved some time ago on new offices on Nyropsgade have not, on the whole, been exceeded or even matched in recent deals.

While odd investors such as Grandvista Properties, the Equify and Law subsidiary, have continued to show an interest in

the Danish market, any major expansion of foreign activity is likely to depend on signs of a continued economic recovery and so far, despite a fairly long history of rented industrial estates in the Copenhagen area, there is little sign of a sustained recovery in industrial space demand.

## Opportunities

Finally, although it has the least developed of the Scandinavian property markets, Finland may possibly offer greater opportunities for foreign capital investment simply through the weaknesses of its own capital markets and the desire to limit reliance on Eastern Europe, currently greater than for many years since the Eastern trading markets have been more cushioned against recession than those in Western Europe.

However the obstacles to foreign investment are considerable, and the current freeze on office rents does not encourage development despite theoretically quite high returns on commercial and industrial properties. This must remain the least promising of the Scandinavian markets, though the possibility of pipelining Norway's oil through to Finland, to reduce the country's commitment to the East, would also perhaps open opportunities to foreign contractors and developers. The future of the whole Scandinavian property market, reliant on the local economies, is in large part bound up with Norway's prospect of quickly increased wealth and Sweden's lasting industrial strength. Together they appear to offer the prospect of increased interest in property investment in the area.

Quentin Guiridham

Turn to Weatheralls for advice in Europe



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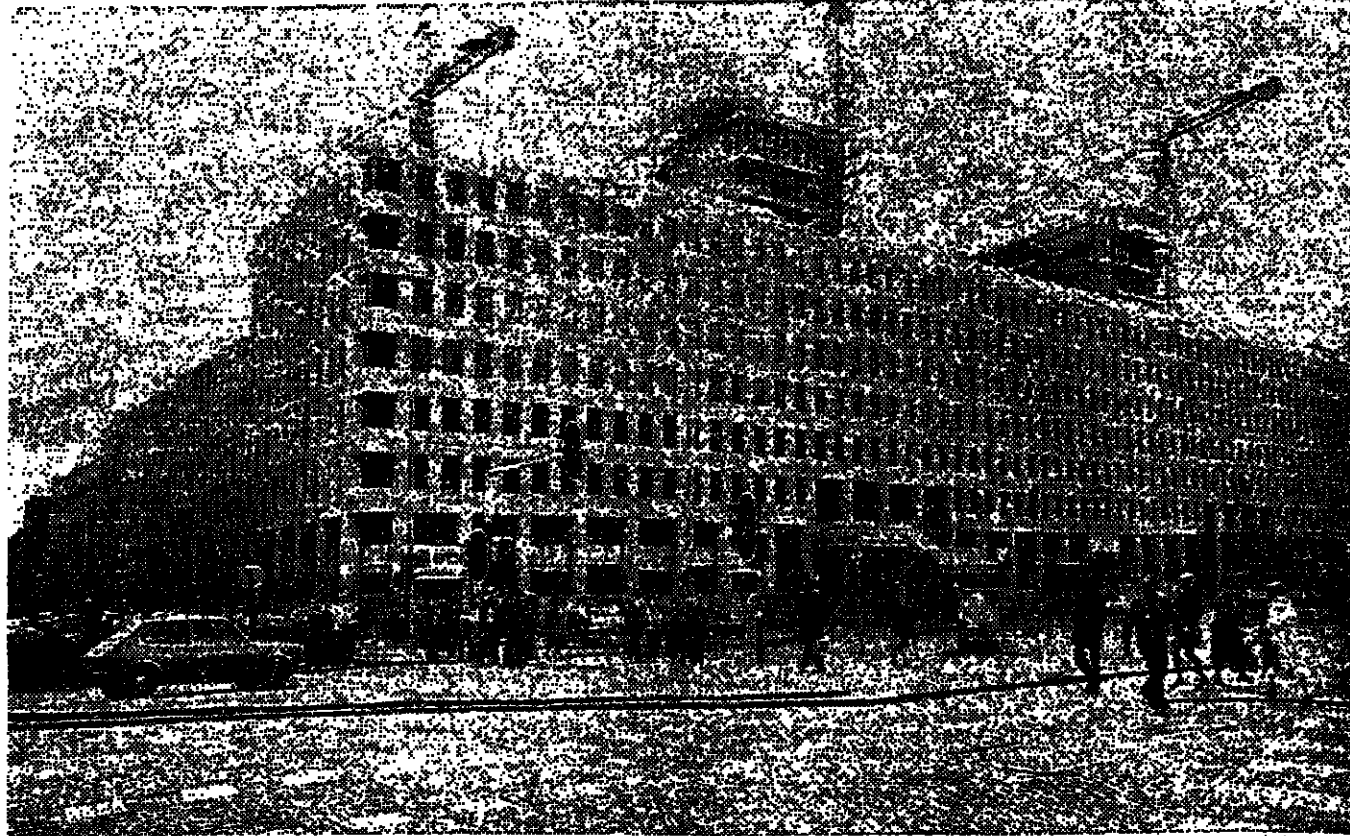
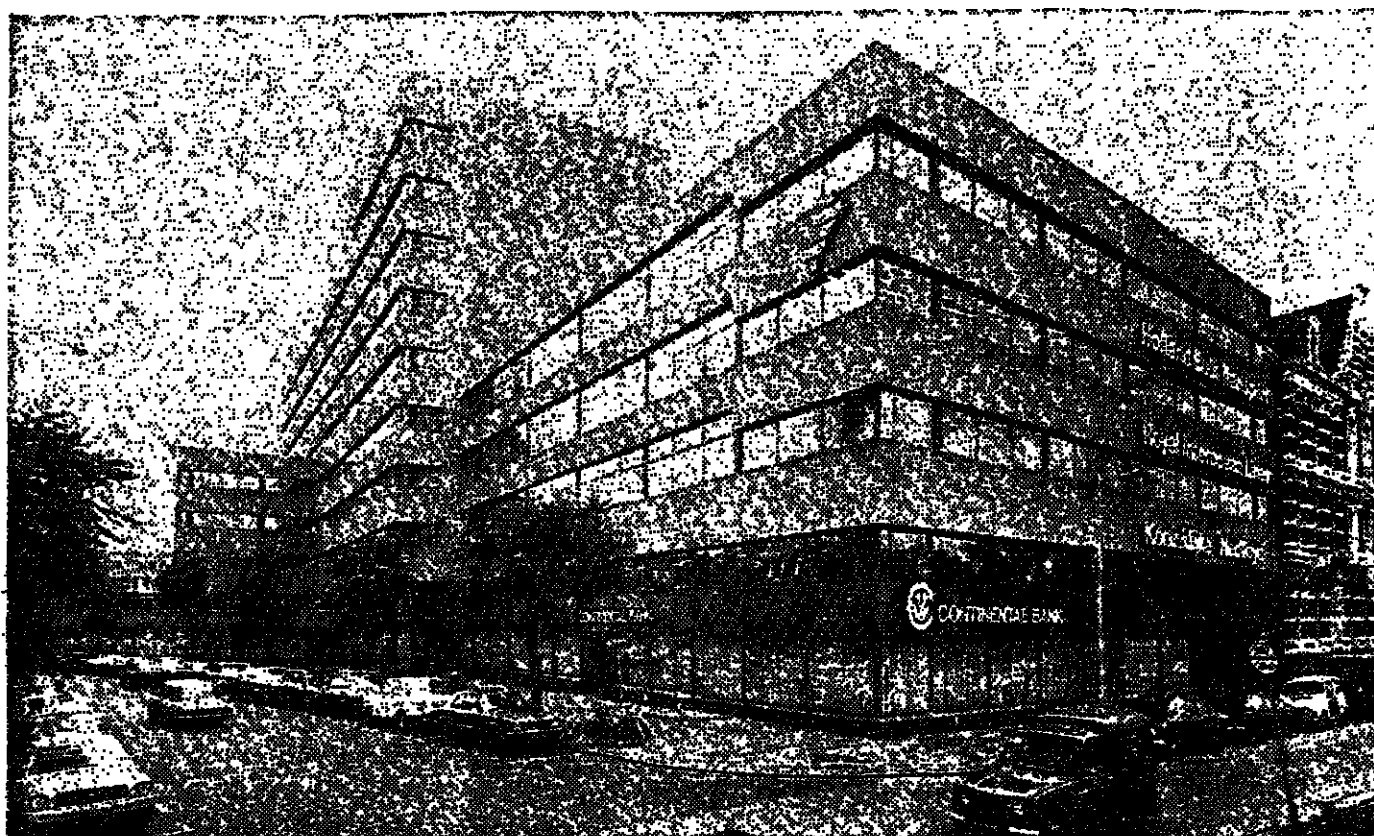
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## EUROPEAN PROPERTY VI



Two of Rotterdam's major blocks, the present Nederlandsche Scheepvaart Unie offices at Zalmhaven (left) and the new Ennia Verzekeringen insurance building now being completed in West Blaak

## THE NETHERLANDS

## Still an attraction to developers

LANGUAGE AND night life attracted developers to Holland.

Despite the devastating losses suffered by many British property developers as a result of their invasion of the Dutch property market the country is likely to remain the favourite European location for property investment. The attraction of Holland to the developer probably had a lot to do with the fact that most business men there speak English, although the night life in Amsterdam among the canals probably helped.

In all some 30 British development companies and investing funds have or had schemes in Holland and at the height of the property market total funds invested exceeded £500m. or to be correct, the completed investment value of the schemes owned by British interests had that kind of value. But in fact by the time the bulk of the schemes were completed the market had fallen and it is doubtful whether the schemes now owned by the British exceed a value of £300m.

## Portfolio

Activity in Holland by developers from the United Kingdom tended to be in the retail sector. There are many small shopping centres throughout the country which were or are owned by British investors. One of the first to build up a sizeable portfolio was Julian Markham, whose Reamhurst Properties developed a 70,000 square feet shopping centre in the expanding Rotterdam satellite town of Ridderkerk. Later the company bought another site in the course of construction at Landsmeer, Amsterdam, where it completed a small neighbourhood shopping centre of nine shops and a car park.

Markham has now sold his interest in Reamhurst to Hill Samuel Life Assurance and has formed another company, Glengate Properties, which he intends to build up into a major property development and investment group. He is already looking for opportunities in Holland.

The attraction of shopping development stemmed from the similarity between the retail trade in Holland and Britain, aided by the fact that British retailers were expanding into European markets and Holland appeared the easiest to break into. To-day the evidence of this move can be seen in prime retail locations such as Kalverstraat, Amsterdam and Lijnbaan in Rotterdam where dozens of well known British retailers have opened shop.

Amsterdam's Kalverstraat is the most important shopping area in Holland and can be considered a classic example of improvement by means of pedestrianisation. Before traffic was diverted away it was associated with individual luxury trading involving low turnover and high profit margins. Now it is increasingly involving volume trading. There has been a definite trend for international retailers to establish themselves in Kalverstraat and they have created a market for rents of £30 per sq ft are common in Kalverstraat, compared with £17.50 per sq ft in similar areas. Rents in the nearby Nieuwendijk and the Leidsestraat are also high and many airlines and other international services have established themselves in these streets. The rents for decentralised Amsterdam shops are pitched at around £10 per sq ft.

In Rotterdam, the principal retail location is the Lijnbaan, one of the first modern pedestrianised retail schemes in Europe. Built after the war the shops were all let during a period of rent control and for many years there was a distortion in the overall rental pattern for the area. But nowadays, rents in Lijnbaan are the highest for retail space in Rotterdam at about £21.50 per sq ft. Four years ago the first major covered shopping in a decentralised area of Rotterdam was opened. The location is the Zuidplein and contrary to general expectation at the time the scheme has not affected trading on the Lijnbaan. Rents are around £11 per sq ft, some what more than £7.50 per sq ft obtained for shops in secondary central areas of Rotterdam.

The leading retail location in The Hague is the Spuistraat where the Grote Marktstraat has attracted major departmental stores. Lesser central locations have been seriously affected by the development of two large decentralised shopping centres at Rijswijk and Leidschendam. As a result there are gaps in secondary central positions and there has been polarisation on the really prime locations.

Rents in Spuistraat reach a ceiling of £16 per sq ft in the best positions. In the decentralised shopping centres, rents are currently around £10 per sq ft. In all three cities there has been a considerable investment by British developers, and pension funds were active buyers when they were able to invest £1m. per year per fund overseas without paying the dollar premium.

The Ladbroke Group's development arm, London and Leeds, is carrying out a shop and office scheme in Kalverstraat. Building is nearing completion and agents Jones Lang Wootton will soon be marketing it. At first they will probably attempt to get a single tenant for the total floor area of 32,000 square feet.

This scheme is the only major development going on in the Kalverstraat at present. There are few sites for future development, although one empty building, the former Suisse Restaurant, is the subject of offers from almost every property man operating in Holland. It is owned by a Dutch woman who is clearly in no need of financial assistance. The site has been on the market for years, but the purchase price has risen consistently.

British retailers have made their mark in the Kalverstraat and the Lijnbaan. Dixon's has one of its best overseas outlets in Kalverstraat and the whole street closely resembles any British high street. Among U.K. retailers are W. H. Smith, Mothercare, Austin Reed, Evans and Owen and two Manfield shoe shops.

British estate agents have been very active in shop lettings in both Amsterdam and Rotterdam and are at last attracting local clients.

The Amsterdam office of Knight Frank and Rutley claim that some 70 per cent. of recent lettings and property sales have been done on behalf of Dutch clients.

Much of this local work comes from institutional investors, such as Dutch pension funds and insurance companies. There is a desperate shortage of worthwhile investment propositions, particularly among shops where the current investment yields are around 7 per cent. for prime locations. This compares with an investment yield of 6.75 to 7 per cent. on prime offices and 9 per cent. on industrial property which is well positioned for the trans-European motorway network.

Because of the shortage of Dutch investment properties many of the traditional investors who make the market have been diversifying abroad. West Germany, France and U.S. the most usual central agents Savills said in a survey that many Dutch investors are buying agricultural land in Britain as well as investing in estates.

The office investment has stayed fairly stable of past few months although have moved about in interest charges. The deal by far was the sale by City Properties of the point Buildings in Rotterdam for £25.6m.

Transactions of this size relatively limited property market can completely distort analysis, and whilst these actions cannot be ignored are by no means representative of the market as a whole.

Rory Ferg

## BELGIUM

## Uncertain times

THE BELGIAN property market has recovered a little of its buoyancy with the passing of the depth of the economic recession — or at least the latest phase of it — but no-one in the industry is pretending that stability is likely to return to the market much before the end of the decade.

While the prime pieces of real estate along the Avenue des Arts have continued to move — rents of £13.000 per square metre are being achieved — elsewhere in Brussels activity is sporadic and tentative. In the peripheral areas rents have tended to fall while the inauguration of the first stage of the new Metro may serve to heighten the differences in transport facilities between parts of Brussels. In particular, there is some speculation that the Avenue Louise, which has suffered from a relative transport deficiency as well as increasingly tight controls on development, may suffer more for being well off the course of the early Metro network.

The Brussels property formula essentially revolves around three factors — the demands of the national Government, of the EEC institutions and of business. In the business sector bank demand has been encouraging but the EEC and Government demand has been very light, and the industry is reduced to pinning its hopes on the natural propensity of the civil service to expand.

The tortuous story of the agglomeration tax — the tax on buildings based on their ratio between volume and plot size, and levied at some BF.350 per square metre — has moved forward slowly. The first demands for payment have been presented but it is understood that there are a lot of appeals against the assessment and it may be some time before companies have to get around finally to writing cheques.

The investment picture has also been unexciting. It is thought that there will be no major investments made until rents move up again to make investment cost-efficient. The current freeze on rents is due to end at the end of December but already there are believed to be plans by the Government to control the amount by which rents can be pushed up, possibly to be followed by another freeze.

There is some institutional

interest in buying leased buildings but investors are worried about taking buildings let to a single tenant, particularly if a break in the lease is imminent (in Belgium leases are normally for three, six and nine years).

What does seem to be likely is a more orderly development for the next phase of growth — although critics could well argue that it would be beyond the wit of demand to devise a less orderly process. The increasing control on planning being exercised in Brussels, however haphazard and however subject to the whims of various communal authorities, together with the greater difficulty in raising money and operating profitably, are likely to counsel a degree of prudence which was unnecessary in the days of the Brussels boom.

Meanwhile industrial property development has been carried on largely in the hands of Dutch, British and American concerns, and has been geared towards the network of Belgian road and canal communications. Within the Brussels area the land around Diegem, Zaventem and Nossogem, with the main airport close at hand, has been a focal point of expansion. It is estimated that over three some 98,000 square metres has been put on the market with some 37,000 still awaiting tenants, though most of this is relatively recently completed plant.

Apart from the airport area, other parts of greater Brussels in demand are at the start of the motorway to Paris and in the Grand Bigard area which is in the north of the city. The threat hanging over companies in Dutch-speaking parts of Belgium, where the Flemish authorities could insist on all internal company communications taking place in Dutch, has also tended to emphasise the attractions of the (at least officially) bi-lingual communes of Brussels.

The economic recession has taken its toll of the industrial property scene, and this is being felt in the demand for smaller space, though it is also noted that companies which kept their administration in Brussels and their plant outside the city have started to examine the possibilities of moving their office administration back over

the shop. Two years ago more than two-thirds of enquiries for industrial space were for units in the 1,500 to 2,500 square metres category. A year ago there were only half as many, proportionally, for this size space and developers note that over the past twelve months more than a third of enquiries have concerned property smaller than 1,500 square metres.

## Rentals

On the rentals front warehouse space in the Brussels area can be had for B.Frs.1.150-B.Frs.1.300 per square metre while associated offices cost around B.Frs.300 to B.Frs.500 more per square metre.

Although this sector has remained more active in some respects than the commercial property scene it is also a very vulnerable one. With Belgium suffering from severely high interest rates over past months in the defence of the currency (the main effect of the German revaluation for Germany will be, hopefully, in the lowering of interest rates) investment and recovery have tended to slow down.

The main questions in Belgium are, indeed, the ones about the general management of the economy. The programme of wage and dividend controls is due to expire at the end of the year, including the freeze on rents, and it is thought that the Government will try to work out some substitute with the two sides of industry. Industrial activity has slowed down over recent months and the trade balance, while far from being disastrous, is not providing the margin of comfort the Belgian Government would like. Unemployment remains severe and a point of increasing friction with the unions, and it is difficult to see what the Government can do to relieve the situation without imposing further financial burdens on the corporate sector.

In short, while the market remains confident of long-term growth, it is still working in the shadow of recent recession and current deep uncertainty.

David Curry

## Interest

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There is some institutional

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## THE INTERNATIONAL REAL ESTATE FEDERATION F.I.A.B.C.I.

## EUROPEAN DAY CONFERENCE

will be held tomorrow 21st October at the Town Hotel, St. Katherine's Way, London, E.1.

The speakers and subjects will include:

1. A welcome by the president of the Royal Institution of Chartered Surveyors.
2. Robert Steel, secretary-general of the R.I.C., will give a paper on the organisation of the real estate profession in the U.K. In particular he will refer to licensing of agents, education, qualifications, etc.
3. A panel discussion will follow with:
  - (a) Edward Erdman taking the subject of general practice, comparing the methods and practices used by Europe and the U.K.
  - (b) Peter Redman, Commercial Union Properties, will deal with finance and particularly how the British developer is it wrong of right in Europe.
  - (c) George Macpherson, Wimpey, will address the meeting on housing, dealing both with the U.K. and European markets and trends.

On Friday, 22nd October, delegates will be taken on a tour of the Brent Cross Shopping Centre.

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# FORMING AND RAW MATERIALS

## te group pected to rt soon

is Own Correspondent  
CALCUTTA, Oct. 19.

INTERNATIONAL is to operating next month is to Press reports of a at by Mr. S. N. Chakrabarti, Indian Jute Commissioner, who attended a meeting at the recent Dacca conference of the members of Jute International will be only India, which and Nepal, which led to pursue a policy on jute, and the expansion of their market on prices and research. India, with the industrial sector of the technical in Bangladesh and the research sector in Jacca meeting concluded fight competition from as an adequate buffer could be built to ensure of prices and supplies. inclusion is to be in detail at the forth-jute meeting in Geneva. is not likely to be a once the Geneva meeting given its approval, Mr. ort said.

## ol prices line

in Commodities Staff

PRICES at Australia's and Melbourne auctions per cent. yesterday, compared with last week's level. The ools were most affected fall with 23 micron and the least hit. rn and Western Europe reported to be the main with some support from and local mills. trade took 97.5 per cent. 13,864 bales on offer at and 98 per cent. of the sales at Melbourne. Aus-Wool Corporation purchases were negligible. was also cheaper at Africa's East London sale, prices were 2.5 per cent. hose recorded at the most auction on October 14.

## VE OIL TRADE

ROME, Oct. 19.

IN OLIVE OIL exports 14,720 tonnes in the first 1978 against 5,538 tonnes same period of 1976, the Institute of Statistics reports rose to 42,789 tonnes 33,344 tonnes.

## New plea from Lardinois for 'green pound' change

BY PETER BULLEN

MR. PIERRE LARDINOIS, the EEC Agriculture Commissioner, flew to London yesterday to make a personal appeal to British farmers to accept the "green pound". After calling for the move publicly as guest speaker at the Guild of Agriculture Journalists' lunch he had a private meeting with Mr. John Silkin, the Minister of Agriculture, to press home the Commission's view. The Commission's recent suggestion that Britain should devalue by 4.5 per cent. is still on the table—although the latest fall in sterling has increased the suggested figure by almost two per cent. An early move at or near this figure was sought by Mr. Lardinois.

As a reward for taking the step which will eventually be inevitable but which is growing increasingly more difficult the longer it is postponed, the Agriculture Commissioner held out the possibility of renewed attempts by the EEC to cushion rising food prices in Britain. Remaining import tariffs on vegetables imported in Britain (cauliflowers, cabbage, celery, peas and carrots) could be eliminated and other help intensified—such as the direct consumer subsidies on Community food such as butter and beef. To-day the EEC Commission meets to discuss all aspects of

the monetary problem, "the forces of disorder which are again besieging the Common Agricultural Policy" as Mr. Lardinois described them.

The Commission's views will then be put to the Ministers of Finance and Agriculture. The Council of Farm Ministers meets in Luxembourg on Monday and Tuesday, when the U.K.'s official reaction to the "green pound" devaluation move should be known. But Mr. Lardinois obviously realises the political difficulty the U.K. Government will face in agreeing to any devaluation of the "green pound". He said "hard decisions must be taken before the end of the year" which may avoid any air of early confrontation at next week's meeting.

The present gap between the "green pound" and other EEC rates is more than 37 per cent. Devaluation of this in one stroke would add 28 per cent. to the price of dairy products, meat, sugar and cereal-based foods. This would be unthinkable for or even next year, Mr. Lardinois said. "I emphasise that we see the adaptation of the 'Green Pound' as taking place over a period of time. We are not attempting to force the British Government into sudden measures that would endanger its anti-inflation policy."

## Cut U.S. soya usage expected

WASHINGTON, Oct. 19.

SHARPLY reduced supplies, and higher prices in 1977-78, will curtail soya bean usage, the U.S. Department of Agriculture forecasts here. In a summary of the fats and oils situation to be issued on October 27, the Department restates the projections it made previously, predicting carryover

stocks on September 1, 1977, at about 2.7m. tonnes. Soybean prices to farmers in 1977 should average \$1.82 above the \$5 a lb average price in 1975-76, depending primarily on the strength of domestic feed demand for meal and export demand, the USDA said.

The department said later in marketing season soybean prices would be influenced by soybean crushings which declined last season.

Reduced supply estimates for 1976-77 led the USDA to project soybean crushings would decline to about 785m. bushels compared with the record 866m. processed last season. The department estimated export availability at 14.3m. tonnes, down from the record 15.1m. in 1975-76. It is claimed that about 55m. bushels of 1976 crop U.S. beans already contracted for by the Soviet Union and guaranteed sales to Japan and other Asian countries. This season, mean fewer soybeans are available for other markets.

## Wheat demand forecast

WASHINGTON, Oct. 19.

U.S. FARMERS will need to feed a lot of wheat in view of the extremely tight maize and protein supply situation, Mr. Carroll Brunthaver, vice-president of Cook Industries, said here. Mr. Brunthaver told an international wheat seminar sponsored by Great Plains Wheat that next year in the U.S. at least 5m. acres, and maybe 25 million, would be expected to be planted by October 1, 1977.

Noting a crop this year of about 1.25m. mts and that last year's usage was 1,500m. he said the only reason demand would be met is a 244m. bushels carryover. Mr. Brunthaver predicted carryover stocks of maize in the six major export countries would be expected to 10.5m. tonnes by October 1, 1977.

## Recovery in metal markets

By John Edwards, Commodities Editor

THERE WAS a general rise in London metal prices yesterday as quiet trading continued with a general reluctance to sell in markets already somewhat overvalued after the recent sharp declines. Copper prices gained ground for the second day in succession, with cash wirebars closing \$12.5 up at \$778 a tonne. Cash zinc rose by \$7 to \$339.5 a tonne, despite further U.S. producers cutting prices to 37 cents a lb, and tin shrugged off a fall in the Penang market.

Rumours of a shortfall in Zambian deliveries, which were further discounted, were thought to be one factor behind the firmer tone in copper, as well as continued nervousness about the value of sterling in the foreign exchange market. Considerable nervousness remains about short-term demand prospects for copper, however.

Mr. C. H. Broughton Pipkin, chairman of the British Institute of Metals, told Reuters yesterday he would not be surprised to see further easing in the copper price by Christmas. But he did not see it falling much below \$700 a tonne.

BICC had cut its copper stocks by 10 per cent, he said, compared with the 36,000 tonnes held 18 months ago. The reduction had been achieved by cutting finished material by reducing refining work with a relatively low added value.

## Further fall in sugar

THE DECLINE in world sugar prices quickened a little yesterday with the London daily raws price being cut by 24 to \$121 a ton. On the London terminal market the March futures position ended the day 24.1 lower at \$132.625 a ton.

The fall was mainly attributed to "bearish" market sentiment but dealers said it was encouraged by reports that Colombia was holding a 12,600 raw sugar selling tender yesterday. The tender was seen as an unsettling influence as the absence of producer selling pressure has recently given the market a more stable appearance. Prices are likely to remain in a fairly narrow range until the end of the year, when a fall in sugar sales are expected, according to Paris traders Cucces et Desnoes.

## U.K. ONION SUPPLIES

# How Japanese seeds are saving imports

BY A CORRESPONDENT

AS THE seedsmen close their books on the recent vegetable selling period one bright spot is the amount of Japanese onion seed they have sold.

In these days when the U.K. wants to reduce imports this may seem a strange fact for the Government to rejoice over, but they should nevertheless be interested in the hundreds of thousands of pounds in imports of onions during the summer. Our grandfathers, and in some cases our fathers, used to sow onion seed of certain varieties in August. The plants which germinated would stand the winter, so long as the temperatures did not get down too low, and be ready in the spring to grow away rapidly, maturing during July and August a full month to six weeks before the normal spring sown English types were ready to turn their stems over and ripen.

## Ripening

But this had never taken on commercially to any extent until the early years of the 20th century when a huge expansion in home onion growing. Following the work at the National Vegetable Research Station on drying and storing the home grown bulbs, complete to this modern methods of precision drilling, the quantity of home-produced onions has grown in the last ten years from 1,986 to 6,174 hectares.

Onions imported from the Mediterranean basin, Holland and other places have a 2.5 to 3.5 tonne recently, encouraged by this success. In the past three or four years experiments have been made to grow once again early summer ripening onions when other work on vegetable

from seed sown in August of the previous year. The best types have been found to be the Japanese varieties developed specially for the purpose. Names like Imai and Sushu are becoming everyday words for the onion grower.

Sown to a very tight schedule on well prepared land, and given a winter not too wet and not too severe with frost, they grow and stand well. In the past couple of seasons many growers have experimented with them. This year especially there were good samples on the market in June, when Britain would usually have been dependent on imports from Egypt, Spain and other southern countries.

The effect has been to spread the home season out by another two months at least. Now it is not so much a question of the rapidly increasing acreage of home grown onions but about the U.K. onion being a 12-month vegetable.

It does seem quite possible at the moment. Storage problems are constantly being overcome so that the autumn ripening crop can be harvested in good order and artificially dried in the normal U.K. moist weather. It can be taken on from there during the winter in controlled storage, being fed to the market as required.

It is hoped that this can be continued until the Japanese varieties ripen in June and fill the demand for a fresh firm and crisp onion, keeping out exports until the autumn crop is ready again. Obviously to achieve this state of affairs great precision is needed, especially with the August sowings for June ripening. As these have to be drilled when other work on vegetable

farms is at fever pitch it is always difficult to keep to the correct dates. Establishment is not always as good as it should be. It is very good at the moment, however.

Growers and experimental stations are taking a leaf from the Japanese growers' book in an endeavour to ease the burden. For some time lettuce has been sown into soil ploughed mass produced on a machine. When the seed has germinated and the young plants are growing strongly they are machine-planted into their final positions.

## Increased

Experiments at the moment seem to indicate that this could be done with onions and gain the grower a week or two's respite on his sowing. There are obviously problems of bulk handling for huge quantities. But no doubt, if the method is a success, some suitable method will be found.

One other importation gives rise to a lot of head scratching at present. Judging from reports by seed merchants a greatly increased acreage of the autumn sown onions is in this year. But, as the pundits point out, two factors could cut all the present estimates.

First, many growers only sowing part of their purchases, feeling that seed saved could be sown next year if the rains did not come in time. Second, some of these Japanese types are used to produce pickling onions instead of bulbs for eating.

So no one really knows. With seed at £20 a pound drilled at 20 lb an acre for picklers and 4 lb for bulbs there is quite a difference.

## World cotton deficit forecast

SAN FRANCISCO, Oct. 19.

On this basis, therefore, the impression at the moment is that global consumption will do well to repeat last season's record performance.

Estimated world consumption last year was 63.5m. bales, according to ICAC statistics, which also showed the estimated world cotton stockpile at 21.7m. bales as of August 1, 1978.

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## COMMODITY MARKET REPORTS AND PRICES

### SE METALS

Amalgamated Metal Trading reported that in the morning cash wirebars traded at \$775.75, late Dec. 1978, three months \$775.75, 11.15, 12.15, 13.15, 14.15, 15.15, 16.15, 17.15, 18.15, 19.15, 20.15, 21.15, 22.15, 23.15, 24.15, 25.15, 26.15, 27.15, 28.15, 29.15, 30.15, 31.15, 32.15, 33.15, 34.15, 35.15, 36.15, 37.15, 38.15, 39.15, 40.15, 41.15, 42.15, 43.15, 44.15, 45.15, 46.15, 47.15, 48.15, 49.15, 50.15, 51.15, 52.15, 53.15, 54.15, 55.15, 56.15, 57.15, 58.15, 59.15, 60.15, 61.15, 62.15, 63.15, 64.15, 65.15, 66.15, 67.15, 68.15, 69.15, 70.15, 71.15, 72.15, 73.15, 74.15, 75.15, 76.15, 77.15, 78.15, 79.15, 80.15, 81.15, 82.15, 83.15, 84.15, 85.15, 86.15, 87.15, 88.15, 89.15, 90.15, 91.15, 92.15, 93.15, 94.15, 95.15, 96.15, 97.15, 98.15, 99.15, 100.15, 101.15, 102.15, 103.15, 104.15, 105.15, 106.15, 107.15, 108.15, 109.15, 110.15, 111.15, 112.15, 113.15, 114.15, 115.15, 116.15, 117.15, 118.15, 119.15, 120.15, 121.15, 122.15, 123.15, 124.15, 125.15, 126.15, 127.15, 128.15, 129.15, 130.15, 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## NOTES







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## Japan facing tough line on shipbuilding

BY JOHN WYLES, SHIPPING CORRESPONDENT

EEC MEMBER countries are expected to put strong pressure on the Japanese Government, next week, to modify policies which they see as a grave threat to the future of European shipbuilding industries.

Some of the strongest diplomatic language yet used on the shipbuilding issue is being prepared for delivery at an Organisation for Economic Co-operation and Development meeting in Paris next Wednesday and Thursday.

The meeting has taken on a special significance, following the failure of talks last month between West European and Japanese shipbuilders. During discussions lasting two days, the Japanese refused to give ground either on the need for a permanent reduction of shipbuilding capacity in Japan or on a revised pricing policy.

After consultations, EEC governments have now agreed that at next week's OECD working party on shipbuilding policy, Japan should be told bluntly that its shipbuilding policies do not recognise the interests of the developing world and risk provoking protective measures by European countries.

Concern has been growing in Europe at the implications of the shipbuilding plan endorsed by the Japanese Government in June. Based on the world-wide consensus that demand for ships will only be around 13m. gross tons in 1980—62 per cent less than in 1974—the plan provides for a 65 per cent cut in man hours in the Japanese shipbuilding industry and a level of output based on at least a 50 per cent share of the world market.

There is no plan to shut permanently any shipyard.

Although Japan has consistently taken a 50 per cent share of the market in recent years, EEC members believe that this cannot be maintained in a rapidly shrinking world market such as Brazil, India and South Korea, will be seeking to build between 2m. and 4m. g.t.

In these circumstances, the main European shipbuilders such as Britain, France and West Germany would either have to accept the contraction of their industries by at least 75 per cent, or be forced into protectionist measures, whose damaging effects would probably spill over into international shipping.

The Japanese are bound to take the EEC's strong line seriously, since it is clear that a number of member Governments are now under strong pressure from their domestic shipbuilding industries to do something to stop Japan controlling world shipbuilding.

On present trends, Japan may well book much more than half of the scarce orders placed this year. The Japanese say it is not their fault if European shipbuilders cannot compete on prices, but the Europeans are convinced that many orders are now being booked at a paper loss.

Of the Europeans, Britain's order record is the best so far this year, but is still less than half the amount required to keep the industry working at present levels.

## Ford trying to avoid lay-offs at Dagenham

BY ALAN PIKE, LABOUR STAFF

THE DAY SHIFT at Ford's Dagenham plant has been told to report again this morning although work in the body shop is at a standstill following the dismissal of ten striking doorsetters.

Seven of the men, dismissed on Monday after they refused to end a strike in support of a colleague sacked for allegedly taking part in violent incidents at the plant last month, arrived for work yesterday. They remained in the factory talking to other workers for much of the day, and Ford did not attempt to transfer new men to the doorsetting section.

The company says, however, that there are plenty of volunteers who would be prepared to take on the dismissed men's work.

Ford management clearly believes that there is considerable sympathy among the bulk of the workforce for its action against the doorsetters, well-known as a militant group. This is reflected in the company's efforts to avoid lay-offs although there is little work for employees in the body shop to do.

This is not the first time the American-owned company has taken a firm stand against workers regarded as disruptive. In 1962 it took similar action which resulted in 17 men being sacked.

The company believes there is likely to be increasing moderate reaction against small groups of unofficial strikers who can be responsible for widespread lay-offs and loss of pay. Shop stewards, however, see the dismissal of the doorsetters as an attack on the entire workforce.

There were discussions on the problem at Dagenham when the company and unions met in London yesterday for resumed talks on a new pay agreement for 54,000 manual workers, but they made little progress.

Union officials suggested that the doorsetters whose dismissal led to the troubles should be reinstated pending arbitration, but this was rejected by the company.

Four disputes

There have been four separate disputes at Dagenham—two involving the doorsetters—since the new Cortina TV was officially launched at the end of last month.

Mr. Terry Beckett, managing director of Ford, said at the Motor Show yesterday that a way must be found to enable work to continue while grievances were solved. "It is madness that 12 men can stop 12,000 from doing their jobs," he said.

At yesterday's pay talks, the company conceded that hourly-paid men who were prevented from working a full 40-hour week through illness would be guaranteed the £2.50 minimum pay increase a week under the incomes policy. But agreement has not yet been reached on a claim that workers on short time should also receive the full £2.50, an important point of principle to the Confederation of Shipbuilding and Engineering Unions.

## Cunard to complete MFC deal this week

BY JOHN WYLES, SHIPPING CORRESPONDENT

CUNARD STEAMSHIP yesterday cleared the way for the completion within the next two days of its deal with Maritime Fruit Carriers. But in order to push the agreement through it is having to settle for only ten of the 12 ships bid for at a cost of £102m.

This is because two of the refrigerated cargo ships were sold by Maritime's creditors. An attempt to prevent this failed in court last week and with Court of Appeal proceedings threatening to drag on, Cunard yesterday encouraged an out of court settlement which should enable it to acquire the ten ships by the week-end.

Cunard's decision to settle out of court may well have been influenced by a cash offer for the 12 ships made last week by two German shipping companies, Willy, Bruns and Rudolf Oetker, which was at least £2m. better than its own. This raised the prospect that some creditor banks might be tempted to make sales which would further reduce the number of ships available.

Willy Bruns of Hamburg was at the centre of the High Court case as the purchaser of the two ships, London Clipper and Maranza. Under the terms of yesterday's agreement, Cunard will complete arrangements with creditor banks to buy all 12 and then sell the two vessels on to the Oetker group.

Mr. Matthews predicted that they would about break even for the first two years of operation, but after that "we shall start to make substantial profits."

Cunard, a subsidiary of Trafalgar House Investments, is paying in cash for about 30 per cent of the deal, the rest being borrowed. Final arrangements with creditors are expected to be made at meetings in Glasgow, tomorrow and on Friday.

It is unlikely that the sale will have much impact on Maritime's cash position. After settling with leading creditors, Cunard is placing an undisclosed amount in an escrow account to meet un-revealed trade debts. This will tie up any surplus for at least three years by which time Maritime's capacity to deal with its other pressing financial problems should have become clear.

## Slip in pound depresses gilt-edged market

BY MICHAEL BLANDEN

THE POUND slipped in foreign exchange markets yesterday and helped to depress trading in the gilt-edged market.

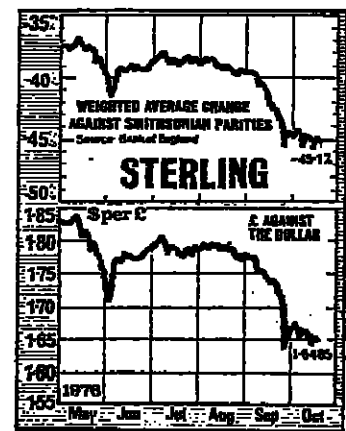
As a result market hopes of further financial sales of Government stocks to help finance the borrowing requirement on the last effective day of the October banking month were disappointed.

Nevertheless, the success of the authorities in selling gilt-edged stocks in recent weeks means that the money stock figures for the five-week period ending with today's make-up of the banking statistics should show a substantial improvement.

Excessive growth of money supply in the period to mid-September was the direct reason for the emergency measures by the authorities this month, including the jump in the Bank of England minimum lending rate to 15 per cent.

In the three months to mid-September money stock on the wider definition was growing at 12 per cent a year. Since then the authorities have achieved gross sales of perhaps £1.5bn. of gilt-edged stocks, which with the £250m. of special deposits paid in by the banks have substantially reduced the upward pressures on money supply.

The market reported that there was little further sale yesterday of the two official tap stocks. But if conditions are favourable it would not be surprising if at least the short tap, of which it is thought there is only some



## Hawker profits still flying

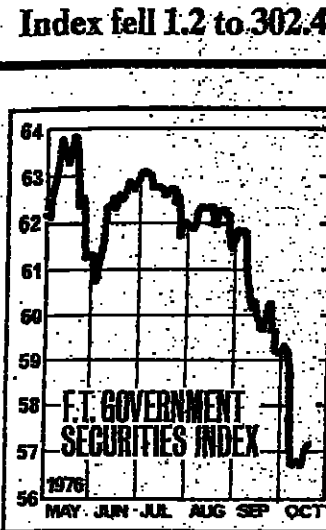
THE LEX COLUMN

Barring a change of Government or any last minute twists in the House of Lords, Hawker Siddeley's U.K. aerospace interests now seem almost certain to be nationalised by the year-end. But whereas three years ago this would have meant the loss of half group profits, the contribution is now down to a fifth (after deducting special items) and, aside from the emotional aspect, the disappearance of the aerospace side is unlikely to cause more than a temporary hiccup in earnings growth in 1977, if that.

Yesterday's impressive jump in interim attributable profits (71 per cent ahead at £22.7m.) underlines the marked change in Hawker's circumstances over the last few years. Stripping out the release of a special tax provision, aerospace profits are virtually unchanged over the six-month period. In sterling terms, the Canadian operation is 16 per cent ahead at the attributable level, but in dollar terms profits are down. So the real powerhouse behind the group's performance now is electrical and mechanical engineering—currently accounting for almost three-quarters of total profits.

With a third of sales generated by overseas companies and U.K. exports accounting for another third, the fall in the sterling exchange rate has clearly contributed to the polished performance, though apart from indicating that the substantial exchange gains on overseas net assets will be brought in as an extraordinary item at the year end, Hawker is not saying how much.

Attributable profits of £42m. against £30m. last year look on the cards for the full year. But the combination of a relatively low prospective yield of 6 per cent, and uncertainty over the nationalisation compensation terms is likely to hang over the shares in the short term, despite the 20p jump in the share price to 372p, yesterday.



February-July, against a claw-back of £0.63m. in the same period last year, reflects relaxation in HP controls on durables together with changes in the mix of HP and voucher credit. For the rest of the group the decline in profits is relatively modest at about £0.7m. pre-tax. But the overall result is that pre-tax profits have dropped from £8.88m. to £8.37m. pre-tax, perhaps £1m. worse than the lowest outside expectation. The shares dropped 4p to 45p, where they may gain some comfort from the holding of the interim dividend; the yield of 17.2 per cent, however, is an indication that the chances of a maintained total are not rated very highly.

In fact UDS should now be past the worst. After a drop in tailoring sales of some 15 per cent in the first half, the last few weeks have seen a pickup, while after the closure of a South Shields plant the group will have cut its tailoring factories from seven to four. The deferred profit swing will also be less adverse in the current half-year. Moreover, group sales have been growing at 12.4 per cent in the first ten weeks of the second half against only 2 per cent in the first six months. But in the context of generally weak consumer spending trends the best hope is only that UDS will be able to recover part of the £5.3m. first-half loss. And the tailoring division may require exceptional provisions.

As well as the expected sharp setback on the men's tailoring side—where trading profits have fallen by £2.3m. to £0.9m.—the first-half results from UDS are also affected by a total turnaround in the deferred profit provision of £1.45m. The large deduction of £0.82m. for the first half of 1976 emerges could hope to realise in

at £11.4m. pre-tax, £9.9m. The Manchester subsidiary was already modestly lower. P & O's recent figures be no surprise in the performance from the where OCL dominates overall result — we from ship sales down and a pre-interest trading up from £9.2m. — was well most market expected as a result the shares fell 7p yesterday to 161p.

The bulk company are still making money but Furness happier now about a once trade. The was sterling has clearly favourable performance rates are improving a tonnage is no longer problem; the market sold last year closed on £2m. in 1975 of that occurred in opening six months of Liners was strike-time last year, conference are still edging up. Furness activities in 1976 are proving profitable. Group profit could well push up pre-tax from £14.1m. to £15.1m. — a 7 per cent share of profits.

Yesterday's rally in the shares are now on the market after a shake-out of recent weeks. Dividend by Eurocom its 25 per cent stake prove a fairly long operation and a new prospective yield is 7.

Town and City

Following the £250m. sale in Rotterdam last week, Town and City has turned its attention to its next major property sale. And, setting point about its disposal for £20m. of a generally weak consumer spending trends the best hope is only that UDS will be able to recover part of the £5.3m. first-half loss. And the tailoring division may require exceptional provisions.

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## Chrysler may build Japanese car in U.K.

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE PRESIDENT of Chrysler Corporation in the U.S., Mr. Eugene Cafero, said yesterday that Japanese Mitsubishi cars might be assembled by Chrysler U.K. at some time in the future. His remarks, on the eve of the London Motor Show, indicate that Chrysler and Mitsubishi Motor—in which the U.S. company has a 15 per cent stake—are collaborating closely on their future motor and technological developments.

It has been known for some time that the two companies have been exchanging information on issues like exhaust emission control and manufacturing techniques. Mitsubishi teams have visited Europe in the past, and Mr. Don Lander, on the head of Chrysler Europe, and until recently managing director of the U.K. company, has recently been in Japan.

But Mr. Cafero's remarks yesterday, although quite circumstantial, suggest that the relationship is being carried a step further.

Commenting on persistent reports that the Japanese company is planning to look at Chrysler's European manufacturing facilities, he said he could not rule out the possibility of manufacturing Mitsubishi cars at some stage. "One needs to maintain a great deal of flexibility in the world today."

Behind Mr. Cafero's comments yesterday lies a radical change in the design and development methods in Chrysler. Like the larger American motor companies, General Motors and Ford, it is now integrating the planning of its cars in both Europe and the U.S.—its new small car due in America next year was planned in Europe.

At the same time Chrysler is paying close attention to the manufacturing methods used in Japan, where it believes that car companies achieve better productivity; and if one of the Japanese designs appeared, it might want to use it in Europe as well.

Although the U.K. company insists that it has no plans to use a Mitsubishi vehicle over the next five to ten years, there is a possibility that this could happen as the world-wide operations draw closer together.

In the meantime, Chrysler made it clear yesterday that Mitsubishi, which makes the Golf range of cars, is maintaining its own distribution system in Europe, the idea that Chrysler might sell the Japanese cars through its own franchise having been abandoned about two years ago.

## Ireland blocks EEC fish talks

By Robin Reeves

LUXEMBOURG, Oct. 19. IRELAND carried out her threat to block Common Market fishery negotiations until the European Community accepts her demand for an exclusive national offshore fishing limit of up to 50 miles as part of a revised common fisheries policy.

Following Dr. Garret FitzGerald, the Irish Foreign Minister, torpedoed Britain's bid to secure EEC agreement over a 200-mile fishing limit from January 1, to be followed by negotiations between the Brussels Commission and Ireland and an extension of the agreement which ended the cod war with Britain.

A last-ditch effort will be made to break the deadlock at an informal meeting of the Nine Foreign Ministers at The Hague on January 29-30.

Should these talks fail, said Mr. Anthony Crosland, the Foreign Secretary, the Government would feel free to negotiate with Ireland bilaterally. The present arrangement expires in early December.

The stalemate came after hours of intensive private discussions among Ministers. This evidently found Dr. FitzGerald totally isolated in his fight to secure a major shift in EEC thinking on the future of the fisheries policy.

## Crosland's role

He questioned the whole legal foundation of the Commission's proposal that the Government limit within the EEC after the planned move to 200-mile limits. These envisage exclusive national fishing bands of no more than 12 miles offshore, and sharing-out of the remaining fishing with the 200-mile limits among the fishing fleets of the Nine on a quota basis.

"Perhaps after this meeting people will take the Irish position seriously, and come up with detailed and concrete proposals to meet it," he told journalists afterwards.

There was clearly a great deal of irritation among other Foreign Ministers at these blocking tactics, though some surprise was expressed at the absence of strong support from Mr. Crosland and the 50-mile issue. "He is hiding behind Dr. FitzGerald's skirts," said one diplomat.

Mr. Crosland described the outcome as "disappointing but not disastrous."

GRIFIN HOUSE, the new office centre at Sheffield for a number of Midlands Bank departments moved from the City, will be officially opened to-day by Councillor Reginald Munn, Lord Mayor of Sheffield.

By the end of the year about 750 jobs will have been filled by local people. The figure will reach 1,000 by end 1977, when Griffin House is fully occupied.

## Bankers move to Sheffield

Channel Is., S.W. England, S. Wales. Showers. Wind W., moderate. Max. 13C (55F).

Lakes, N.E. England, Borders, Edinburgh, N.W. Scotland, Glasgow, Cent. Highlands, Argyll. Rain at times. Wind S.E., light. Max. 11C (52F).

Aberdeen, Moray Firth, N.E. and N.W. Scotland, Orkney, Shetland. Rain in places. Wind S.E., light. Max. 10C (50F).

Outlook: Rain in most places. Lightning on. London 18.27, Manchester 18.32, Glasgow 18.35, Belfast 18.45.

## Weather

RAIN at times.

U.K. TO-DAY

London, E. Anglia, S.E. E., N.W., Cent. N. England, Is. of Man, N. Ireland. Rain at first, brighter later. Wind variable. Max. 12C (54F).

Cent. S. England, Midlands, N. Wales. Bright intervals and showers. Wind W., light. Max. 13C (55F).

## BUSINESS CENTRES

City	Temp	City	Temp	City	Temp	City	Temp
Alexandria	25	Madrid	15	Paris	15	Stockholm	10
Amman	25	Moscow	10	Rome	15	Switzerland	10
Algiers	25	Nairobi	15	Seville	15	Toronto	10
Barcelona	25	Oslo	10	Stuttgart	10	Washington	10
Bombay	25	Paris	15	Vienna	10	Zurich	10
Buenos Aires	25	Reykjavik	10	Yokohama	15		
Calcutta	25	Singapore	25				
Cairo	25	Tokyo	15				
Cardiff	15	Trinidad	25				
Cebu	25	U.S.A.	15				
Dublin	15	U.S.A.	15				
Edinburgh	15	U.S.A.	15				
Frankfurt	15	U.S.A.	15				
Glasgow	15	U.S.A.	15				
Hong Kong	25	U.S.A.	15				
London	15	U.S.A.	15				
Luxembourg	15	U.S.A.	15				

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